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ST. MARY PARISH COMMUNICATIONS DISTRICT  
STATE OF LOUISIANA

Annual Component Unit Financial Statements  
with Independent Auditors' Report

and

Independent Auditors' Reports on Internal  
Accounting Control and Compliance

For the Year Ended December 31, 1995

under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-14-96

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# PITTS & MATTE

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
St. Mary Parish  
Communications District, State of Louisiana  
Franklin, Louisiana

We have audited the accompanying general purpose financial statements of St. Mary Parish Communications District, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended December 31, 1995, as listed in the financial information section of the foregoing table of contents. These general purpose financial statements are the responsibility of St. Mary Parish Communications District, State of Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of St. Mary Parish Communications District, State of Louisiana as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 3, 1996 on consideration of St. Mary Parish Communications District's internal control structure and a report dated May 3, 1996 on its compliance with laws and regulations.

May 3, 1996

A handwritten signature in black ink, appearing to read "Pitts &amp; Matte", is written over the date. The signature is cursive and somewhat stylized.

**FINANCIAL INFORMATION SECTION**

St. Mary Parish Communications District  
State of Louisiana

Combined Balance Sheet - All Fund Types and Account Groups  
December 31, 1995

	<u>Governmental Fund Type</u>	<u>Account Group</u>	<u>Total (Memorandum Only)</u>
	<u>General Fund</u>	<u>General Fixed Assets</u>	
<b>ASSETS</b>			
Cash	\$ 20,045		\$ 20,045
Investments	78,785		78,785
Receivables	19,182		19,182
Furniture and equipment	<u>                    </u>	\$40,874	<u>40,874</u>
Total assets	<u>\$118,012</u>	<u>\$40,874</u>	<u>\$158,886</u>
 <b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ <u>8,863</u>	<u>                    </u>	\$ <u>8,863</u>
Total liabilities	<u>8,863</u>	<u>                    </u>	<u>8,863</u>
Equity and other credits:			
Investment in general fixed assets		\$40,874	40,874
Fund balance	<u>109,149</u>	<u>                    </u>	<u>109,149</u>
Total equity and other credits	<u>109,149</u>	<u>40,874</u>	<u>150,023</u>
Total liabilities, equity, and other credits	<u>\$118,012</u>	<u>\$40,874</u>	<u>\$158,886</u>

The accompanying notes are an integral part of these financial statements.

St. Mary Parish Communications District  
State of Louisiana

Statement of Revenues, Expenditures, and Changes In  
Fund Balance - Budget and Actual  
General Fund (Governmental Fund Type)  
For the Year Ended December 31, 1995

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>Revenues</b>			
Communications District tax	\$217,800	\$229,237	\$ 11,437
Interest earned	<u>1,200</u>	<u>4,136</u>	<u>2,936</u>
Total revenues	<u>219,000</u>	<u>233,373</u>	<u>14,373</u>
<b>Expenditures</b>			
Public safety Salaries	102,900	101,805	1,095
Payroll taxes and employee benefits	30,184	27,965	2,219
Telephone and equipment rental	68,000	67,550	450
Dues & subscriptions	770	152	618
Professional fees	3,930	2,747	1,183
Supplies	2,500	1,320	1,180
Travel & training	1,300		1,300
Repairs & maintenance	1,500	651	849
Postage	300	160	140
SCB administration fee	2,400	2,292	108
Capital outlay	<u>1,500</u>	<u>1,392</u>	<u>108</u>
Total expenditures	<u>215,284</u>	<u>206,034</u>	<u>9,250</u>
Excess of revenues over expenditures	<u>3,716</u>	<u>27,339</u>	<u>23,623</u>
Fund balance, beginning of year	<u>34,282</u>	<u>81,810</u>	<u>47,528</u>
Fund balance, end of year	<u>\$ 37,998</u>	<u>\$109,149</u>	<u>\$ 71,151</u>

The accompanying notes are an integral part of these financial statements.



St. Mary Parish Communications District  
State of Louisiana

Notes to the Financial Statements  
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Mary Parish Communications District, State of Louisiana was created by Ordinance No. 1054 of the St. Mary Parish Council, on March 8, 1989, to provide E911 services for all territory within the corporate limits of the Parish of St. Mary, State of Louisiana.

The financial statements of St. Mary Parish Communications District, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the District is a component unit and integral part of St. Mary Parish (the primary government).

These financial statements include only the operations of the District.

B. Fund Accounting

The District uses one fund and one account group to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the fund because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

The District's current operations require the use of one fund, the general fund and one account group, the general fixed assets account group.

Governmental Fund

The General Fund is the primary operating fund of the District. It is used to account for all financial resources of the District, since at the current time no other funds are required.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurements focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

The District's major source of revenue is the Communications District tax which is recorded as revenue in the month collected by the telephone company.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year end. Budgets are amended when needed upon approval by the Board.

E. Cash

For financial statement purposes, cash includes demand deposits.

Certain cash deposits are maintained in comingled accounts with deposits of other governments. Interest earned on these comingled deposits are allocated to each entity based upon their pro rata share of the total deposit.

F. Investments

Investments are stated at cost.

G. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets are valued at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets in the general fixed assets account group are not depreciated.

H. Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used.

Upon termination an employee is compensated for accumulated vacation time, but, employees are not compensated for sick time unless termination is due to retirement.

An accrual is made for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used. These accruals at December 31, 1995, totaled approximately \$2,300.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH

At year end, the carrying amount and the bank balance of the District's cash was \$20,045 which was fully covered by federal depository insurance and securities.

NOTE 3 - INVESTMENTS

Under state law, the District may invest in certain federally guaranteed securities, certain bank time certificates of deposit and in the Louisiana Asset Management Pool (LAMP), an organization which operates an investment pool for local governments.

The book value of the investment in LAMP, the District's only investment, at December 31, 1995 is \$78,785 and the market value is \$79,065.

NOTE 4 - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year.

	Balance January 1, <u>1995</u>	<u>Additions</u>	Balance December 31, <u>1995</u>
Furniture and equipment	\$40,443	\$431	\$40,874
Total	<u>\$40,443</u>	<u>\$431</u>	<u>\$40,874</u>

NOTE 5 - COMPENSATION OF COMMISSIONERS

The Commissioners of the district received no per diems for the year ended December 31, 1995.

NOTE 6 - COMMITMENTS

The District entered into a rental/service agreement with South Central Bell on November 20, 1989 to provide the District with the necessary answering point equipment and service lines to implement the 911 Emergency Service System. This agreement called for a nonrecurring charge (installment cost) of \$50,908 plus subsequent periodic monthly charges. The District paid \$5,251 in January, \$5,485 in February, and \$5,386 for the remaining ten months. Monthly charges are paid one month in advance. The monthly charge is made up of rental fees and service fees totaling \$2,063 and \$3,323 respectively. The monthly services and related charges are on a month-to-month basis and can be cancelled upon notification.

NOTE 7 - PENSION PLAN AND OTHER RETIREMENT BENEFITS

All employees of the District participate in the Parochial Employees' Retirement System of Louisiana (Plan A), a multiple employer public retirement system. The payroll for District employees covered by the System for the year ended December 31, 1995 is approximately \$95,000; the District's total payroll including accrued payroll and compensated absences is approximately \$102,000.

Employees are entitled to retirement benefits when the combination of attained age and years of service meet certain specified requirements. The minimum years of service for receiving retirement benefits is ten years. Benefits vest based on a similar method of combination of minimum years of service and attained age. The System also provides death and disability benefits. Benefits are established by the State Legislature.

Covered employees are required by the State Legislature to contribute 9.50% of their gross salary to the plan. The District is required by the same statute to contribute 8.00% of each employee's gross salary to the plan. The entity's actuarially determined contribution requirement has not been calculated. However, the annual contribution rate for all employers as a whole has been determined to be approximately \$21.5 million to fund the plan over a forty year payment period. The actual employer and employee contributions for the plan as a whole for the year ended December 31, 1994 (the latest year for which information is available), was approximately \$49.8 million.



NOTE 7 - PENSION PLAN AND OTHER RETIREMENT BENEFITS(continued)

The District's contribution made for the year ended December 31, 1995, was approximately \$15,300 which consisted of \$7,000 from the District and \$8,300 from employees; these contributions represented 8.00% and 9.50% of covered payroll, respectively.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employees service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The System does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at December 31, 1994 (the latest available evaluation) for the System as a whole, determined through an actuarial valuation performed as of that date, was \$691.9 million. The System's net assets available for benefits on that date were \$597.6 million, leaving an unfunded pension benefit obligation of \$94.2 million. The District's 1995 contribution represented .034% of total contributions required of all participating entities.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 1994, comprehensive annual financial report. The District does not guarantee the benefits granted by the System.

The District is not responsible for any other post retirement benefits to any former employees.

**INTERNAL ACCOUNTING CONTROL AND COMPLIANCE SECTION**





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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED  
ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

May 3, 1996

Board of Commissioners  
St. Mary Parish  
Communications District, State of Louisiana  
Franklin, Louisiana

We have audited the general purpose financial statements of St. Mary Parish Communications District, State of Louisiana, a component unit of the St. Mary Parish Council, for the year ended December 31, 1995, and have issued our report thereon dated May 3, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

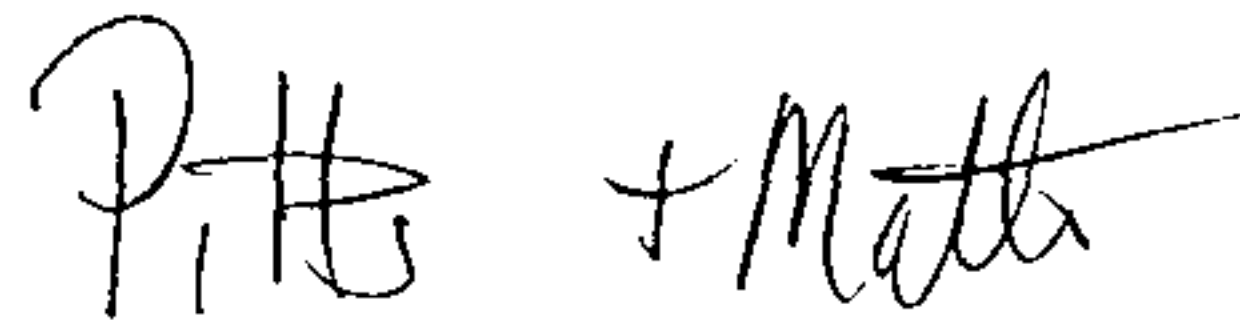
The management of St. Mary Parish Communications District, State of Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of St. Mary Parish Communications District, State of Louisiana for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

A similar report issued by us dated May 8, 1995, for the year ended December 31, 1994 reported no material weaknesses.

This report is intended for the information of management of the District, the Legislative Auditor of the State of Louisiana and the Finance Committee of the St. Mary Parish Council. However, this report is a matter of public record and its distribution is not limited.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT  
OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

May 3, 1996

Board of Commissioners  
St. Mary Parish Communications District,  
State of Louisiana  
Franklin, Louisiana

We have audited the general purpose financial statements of St. Mary Parish Communications District, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 3, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to St. Mary Parish Communications District, State of Louisiana is the responsibility of St. Mary Parish Communications District, State of Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of St. Mary Parish Communications District, State of Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

A similar report issued by us dated May 8, 1995, for the year ended December 31, 1994 reported no instances of noncompliance.

This report is intended for the information of management of the District, the Legislative Auditor of the State of Louisiana and the Finance Committee of the St. Mary Parish Council. However, this report is matter of public record and its distribution is not limited.

*Pike + Math*

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