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**SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL**
Morgan City, Louisiana

*General Purpose Financial Statements
As of and for the Year Ended
September 30, 1999
With Supplemental Information Schedule*

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 JAN 0 5 2000

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CPA

(A Professional Corporation)
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**SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL
Morgan City, Louisiana**

**General Purpose Financial Statements
As of and for the Year Ended September 30, 1999
With Supplemental Information**

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TRANSMITTAL LETTER

ANNUAL FINANCIAL STATEMENTS

December 13 1999
(Date)

Office of Legislative Auditor
Attention: Ms. Dorothy Milner
1600 North Third
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Ms. Milner:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Sewerage District No. 1 of St. Mary Parish as of and for the year ended September 30, 1999. The report includes all funds under control and oversight of the district. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Sincerely,



Name: ROBERT TAYLOR

Title: CHAIRMAN

Enclosure

SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL
St. Mary Parish, Louisiana

ANNUAL SWORN FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1999

The annual sworn financial statements are required by Louisiana Revised Statute 24:514 to be filed with the Office of Legislative Auditor within 90 days after the close of the fiscal year.

A F F I D A V I T

Personally came and appeared before the undersigned authority,
Robert A. Taylor Jr. who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of the

SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL
as of September 30, 1999,

and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

Robert A. Taylor Jr.
Signature

Sworn to and subscribed before me, this 13th day of December, 1999.

[Signature]
NOTARY PUBLIC

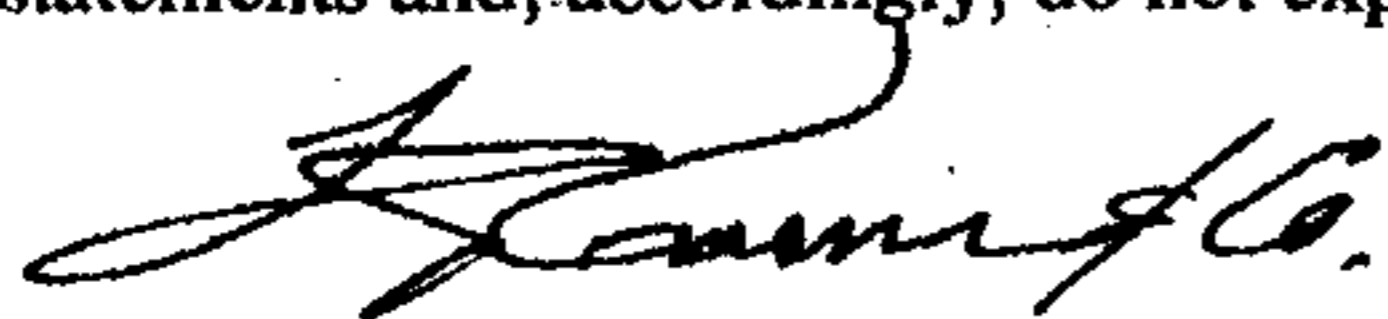
Officer Robert Taylor Jr
Chairman
Address 206 Chennault St
Morgan City, La. 70380
Telephone No. 504-385-2884

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**Board of Supervisors
SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL
Morgan City, Louisiana**

We have compiled the accompanying general purpose financial statements of the Sewerage District No. 1 of St. Mary Parish, a component unit of the St. Mary Parish Council, as of September 30, 1999, and for the year then ended. The financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



December 9, 1999

**SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL
Morgan City, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS**

**Balance Sheet
September 30, 1999**

	Governmental Fund- General Fund	Account Group -General Fixed Assets	Total (Memorandum Only)
ASSETS			
Cash & cash equivalents	\$ 8,293.29	\$ 0.00	\$ 8,293.29
Equipment	0.00	472.49	472.49
Office equipment	0.00	1,000.00	1,000.00
Total assets	<u>\$ 8,293.29</u>	<u>\$ 1,472.49</u>	<u>\$ 9,765.78</u>
 LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable	\$ 251.60	\$ 0.00	\$ 251.60
Total liabilities	<u>251.60</u>	<u>0.00</u>	<u>251.60</u>
Equity:			
Investment in fixed assets	0.00	1,472.49	1,472.49
Fund balance - unreserved - undesignated	<u>8,041.69</u>	<u>0.00</u>	<u>8,041.69</u>
Total equity	<u>\$ 8,041.69</u>	<u>\$ 1,472.49</u>	<u>\$ 9,514.18</u>
Total liabilities and equity	<u>\$ 8,293.29</u>	<u>\$ 1,472.49</u>	<u>\$ 9,765.78</u>

See accompanying notes & accountant's compilation report.

**SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL
Morgan City, Louisiana
GOVERNMENTAL FUND - GENERAL FUND**

**Statement of Revenues, Expenditures, and Changes
in Fund Balance-Budget (GAAP Basis) and Actual
For the year ended September 30, 1999**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Ad valorem tax	\$ 38,340.21	\$ 39,189.97	\$ 849.76
Interest	455.79	497.05	41.26
	<u>\$ 38,796.00</u>	<u>\$ 39,687.02</u>	<u>\$ 891.02</u>
EXPENDITURES			
Advertising	\$ 65.00	\$ 72.98	\$ (7.98)
Bookkeeper/secretary	4,200.00	4,200.00	0.00
Insurance	1,445.00	1,465.00	(20.00)
Legal & accounting	1,100.00	1,085.00	15.00
Office expenses	130.00	130.00	0.00
Per diems	1,440.00	1,260.00	180.00
Post office box	58.00	64.00	(6.00)
Intergovernmental transfers	30,358.00	28,152.91	2,205.09
	<u>\$ 38,796.00</u>	<u>\$ 36,429.89</u>	<u>\$ 2,366.11</u>
Excess (deficiency) of revenues over expenditures	\$ 0.00	\$ 3,257.13	\$ 3,257.13
FUND BALANCE AT BEGINNING OF YEAR	<u>4,784.56</u>	<u>4,784.56</u>	<u>0.00</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,784.56</u>	<u>\$ 8,041.69</u>	<u>\$ 7,263.13</u>

See accompanying notes & accountant's compilation report.

**SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL
Morgan City, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended
September 30, 1999**

INTRODUCTION

Sewerage District No. 1 of St. Mary Parish was created by the St. Mary Parish Council, as authorized by Louisiana Revised Statute 33:3881. The sewerage district is governed by a three-member board of supervisors, appointed by the council. The sewerage district's finances are primarily ad valorem taxes on property located within the district's boundaries, and a grant from the Louisiana Department of Transportation and Development. The sewerage district has in the past provided services to approximately 750 customers. The sewerage system has approximately six and one-half miles of regular sewerage lines, a mile of force feed line, three lift stations, and a waste treatment plant.

In September 1996, the operation and maintenance of the sewerage collection and treatment facilities were assumed by: (a) St. Mary Parish Water and Sewerage Commission No. 1; and (b) City of Morgan City. At that time Sewerage District No. 1 discontinued receiving user fees collected from customers.

Sewerage District No. 1 has applied for and received a grant to extend sewerage collection lines and install necessary lift stations. The construction is now completed. Therefore, Sewerage District No. 1 is in the process of transferring ownership of all of its sewerage facilities to the City of Morgan City and to the St. Mary Parish Water and Sewerage Commission No. 1. It is expected that on December 31, 1999, all assets will be transferred, and Sewerage District No. 1 of St. Mary Parish will be abolished.

Sewerage District No. 1 has also agreed to remit to the City of Morgan City and to the St. Mary Parish Water and Sewerage Commission No. 1 seventy-five (75%) percent of the ad valorem taxes levied which it receives.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**SEWERAGE DISTRICT NO. 1
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ST. MARY PARISH COUNCIL
Morgan City, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended
September 30, 1999**

B. Reporting entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the parish council is determined on the basis of the following criteria:

1. Appointment of governing board
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the parish council appoints the governing board and because of the scope of public service to the residents of St. Mary Parish, the district was determined to be a component unit of the St. Mary Parish Council, the governing body of the parish and the governing body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

C. Fund accounting

The district uses funds and account groups 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 governmental functions or activities.

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

The only fund of the district is the general fund, which is classified as a governmental fund. Governmental funds account for the district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The general fund is the general operating fund of the district that accounts for all financial resources, except those required to be accounted for in other funds.

**SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL
Morgan City, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended
September 30, 1999**

D. Basis of accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement presents increases and decreases in net current assets. The district's records are maintained on the cash basis of accounting. However, the general fund reported in the financial statements has been converted to the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues -

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Interest income is recorded when the interest is available.

Louisiana DOTD grant revenue is recognized when the district is entitled to receive the funds as a result of incurring an expenditure in accordance with the terms of the grant, and is therefore reimbursable from the granting agency.

All other revenue are recorded when received.

Expenditures -

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. Budgets

As required by Louisiana Revised Statutes 39:1303-1305, the district adopted a budget for the General Fund for the year ended September 30, 1999 at a regular meeting held October 5, 1998. Unexpended appropriations lapse at year end, and must be reappropriated in the next year's budget to be expended. The board of supervisors reserves all authority to make changes to the budget.

F. Encumbrances

The district does not use encumbrance accounting.

**SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL
Morgan City, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended
September 30, 1999**

G. Cash and cash equivalents

Cash and cash equivalents include amounts in interest-bearing demand deposits. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

H. Fixed assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs or estimated cost if historical cost is not available.

I. Pension plan and vacation and sick leave.

The district has no employees; therefore, it has no pension plan or vacation and sick leave policy.

J. Total columns on statement

The total columns on the 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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 2. LEVIED TAXES

The district is authorized to and has levied a 3.99 mill ad valorem tax.

NOTE 3. CASH AND CASH EQUIVALENTS

At September 30, 1999, the district has cash and cash equivalents (book balances) totaling \$ 8,293.29 which is one interest-bearing demand deposit. Under state law, this deposit (or resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At September 30, 1999, the district has \$36,636.24 in deposits (collected bank balance). This deposit is secured from risk by federal deposit insurance.

**SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL
Morgan City, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended
September 30, 1999**

NOTE 4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance September 30, 1998	Additions (Capital outlays)	Deletions	Balance September 30, 1999
Land	\$ 6,600.00	\$ 0.00	\$ 6,600.00	\$ 6,600.00
Sewerage System	679,623.13	0.00	679,623.13	0.00
Building & improvements	12,783.20	0.00	12,783.20	0.00
Equipment	472.49	0.00	0.00	472.49
Office equipment	1,000.00	0.00	0.00	1,000.00
	-----	-----	-----	-----
Total	\$700,478.82	\$ 0.00	\$ 699,006.33	\$ 8,072.49
	=====	=====	=====	=====

NOTE 6. LOCAL SERVICES AGREEMENT

In September 1996, Sewerage District No. 1 entered into a Local Services Agreement to have the operation and maintenance of the sewerage collection and treatment facilities assumed by: (a) St. Mary Parish Water and Sewerage Commission No. 1; and (b) City of Morgan City. As part of the agreement, Sewerage District No. 1 agreed to remit to the Commission and City, seventy-five (75%) percent of the receipt of ad valorem taxes levied, in the proportion which the total assessed valuation of that portion of Sewerage District No. 1 being transferred to the City and that portion being transferred to the Commission bears to the total assessed valuation within Sewerage District No. 1. The district also agreed that the balance of said ad valorem taxes as well as other funds of the district shall be remitted to the Commission and City on the same formula at such time as Sewerage District No. 1 is abolished by the St. Mary Parish Council.

NOTE 7. LITIGATION AND CLAIMS

At September 30, 1999 the board had no litigation or claims pending.

NOTE 8. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Sewage District #1 of St. Mary Parish's operations.

**SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
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Morgan City, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended
September 30, 1999**

Because of the unprecedented nature of the 2000 issue, it's effects and the success of the unrelated remediation efforts will not be fully determined until year 2000 and thereafter. Management cannot assure that the Sewage District #1 of St. Mary Parish is or will be Year 2000 ready, that the Sewage District #1 of St. Mary Parish's remediation efforts will be successful in whole or in part, or that the parties with whom the Sewage District #1 of St. Mary Parish does business will be Year 2000 ready.

**SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
ST. MARY PARISH COUNCIL
Morgan City, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULE
For the year ended September 30, 1999**

COMPENSATION PAID BOARD OF SUPERVISORS

The schedule of compensation paid to members of the board of supervisors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:3887, each member of the board of supervisors receives a per diem of \$60 for each day of attendance at meetings of the board, up to and including 24 days each year. In addition, each member of the board may receive per diem for attendance of up to and including 12 emergency meetings of the board of supervisors in any one calendar year.

**SEWERAGE DISTRICT NO. 1
OF ST. MARY PARISH
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Morgan City, Louisiana**

**Schedule of Compensation Paid Board of Supervisors
For the year ended September 30, 1999**

MEMBER	1999	
	NUMBER	AMOUNT
Robert Taylor (Chairman)	7	\$ 420
Sandra Wilkerson	7	420
Aubry Fields	7	420
 Total		\$ 1,260