

SEWERAGE DISTRICT NO. 9  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

(3) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 1997, the District has cash and interest-bearing deposits (book balances) totaling \$379,034, as follows:

Demand deposits	\$149,034
Time deposits	<u>230,000</u>
 Total	 \$379,034 =====

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 1997, are secured as follows:

Bank balances	\$ 379,083 =====
 Federal deposit insurance	 \$ 249,031
Pledged securities (Category 2)	<u>1,081,901</u>
 Total	 \$1,330,932 =====
 Excess of federal insurance and securities pledged	 \$ 951,849 =====

Pledged securities in Category 2 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent in the District's name.

SEWERAGE DISTRICT NO. 9  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

G. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

H. 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 in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds during the reporting period.

(2) Compensation of Board Members

Meetings expense paid to the Board of Supervisors for the year ended September 30, 1997, is as follows:

Toby Darden	\$ 539
Clifton Charpentier	588
Charles Dapremont	490
Willie Scott	441
Anthony Darden	<u>490</u>
	\$2,548
	=====

SEWERAGE DISTRICT NO. 9  
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Notes to Financial Statements (Continued)

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenue exceeding amounts estimated require the approval of the Board of Supervisors.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Supervisors. Such amendments were not material in relation to the original appropriations.

E. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

SEWERAGE DISTRICT NO. 9  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

Capital projects fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Account Group -

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations. All fixed assets are valued at historical costs. No depreciation is recorded on general fixed assets.

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 measurement 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 transactions 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.

D. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

1. The District Treasurer prepares a proposed budget and submits it to the Board of Supervisors no later than fifteen days prior to the beginning of each fiscal year.

SEWERAGE DISTRICT NO. 9  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Sewerage District No. 9 of the Parish of St. Mary (District), which is a component unit of the St. Mary Parish Council, was created by an ordinance dated August 8, 1984 of the St. Mary Parish Council (formerly Police Jury). The District operates under a Board of Supervisors. The purpose of the District is to provide sewerage treatment services to citizens residing within Sewerage District No. 9.

The accounting and reporting policies of the Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the District's executive and legislative branches (the Board of Supervisors). Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

The District is a component unit of the Parish of St. Mary.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Funds -

General fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources of the District.

SEWERAGE DISTRICT NO. 9  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Combined Statements of Revenues, Expenditures, and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual -  
All Governmental Fund Types  
Year Ended September 30, 1997

	General Fund			Capital Projects		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues:</b>						
Grant St. Mary Parish Government	\$328,000	\$327,299	\$ (701)	\$ 59,749	\$ 60,450	\$ 701
Interest income	9,029	9,440	411	10,000	8,639	(1,361)
Total revenues	<u>337,029</u>	<u>336,739</u>	<u>(290)</u>	<u>69,749</u>	<u>69,089</u>	<u>(660)</u>
<b>Expenditures:</b>						
Current -						
General government:						
Advertising	350	330	20	-	-	-
Meeting expenses	2,548	2,548	-	-	-	-
Miscellaneous	10	10	-	29	29	-
Professional fees	7,700	7,688	12	-	-	-
Office supplies	600	600	-	27	27	-
Capital outlay	20,500	20,359	141	379,716	379,517	199
Total expenditures	<u>31,708</u>	<u>31,535</u>	<u>173</u>	<u>379,772</u>	<u>379,573</u>	<u>199</u>
Excess (deficiencies) of revenues over expenditures	305,321	305,204	(117)	(310,023)	(310,484)	(461)
Fund balances, beginning	<u>14,019</u>	<u>14,019</u>	-	<u>370,343</u>	<u>370,343</u>	-
Fund balances, ending	\$319,340	\$319,223	\$ (117)	\$ 60,320	\$ 59,859	\$ (461)
	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 9  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Combined Statements of Revenues, Expenditures, and Changes in Fund Balance -  
All Governmental Fund Types  
Years Ended September 30, 1997 and 1996

	<u>General</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>	
			<u>1997</u>	<u>1996</u>
<b>Revenues:</b>				
Grant from St. Mary Parish Government	\$327,299	\$ 60,450	\$387,749	\$198,234
Grant from Chitimacha Tribe	-	-	-	116,000
Interest income	<u>9,440</u>	<u>8,639</u>	<u>18,079</u>	<u>9,659</u>
Total revenues	<u>336,739</u>	<u>69,089</u>	<u>405,828</u>	<u>323,893</u>
<b>Expenditures:</b>				
Current -				
General government:				
Advertising	330	-	330	405
Meeting expense	2,548	-	2,548	2,695
Miscellaneous	10	29	39	-
Professional fees	7,688	-	7,688	7,963
Office supplies	600	27	627	627
Capital Outlay	<u>20,359</u>	<u>379,517</u>	<u>399,876</u>	<u>17,359</u>
Total expenditures	<u>31,535</u>	<u>379,573</u>	<u>411,108</u>	<u>29,049</u>
Excess (deficiency) of revenues over expenditures	305,204	(310,484)	(5,280)	294,844
Fund balance, beginning	<u>14,019</u>	<u>370,343</u>	<u>384,362</u>	<u>89,518</u>
Fund balance, ending	\$319,223 =====	\$ 59,859 =====	\$379,082 =====	\$384,362 =====

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 9  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Combined Balance Sheet - Governmental Fund Types and Account Group  
September 30, 1997

	Governmental Fund Types		Account Group General Fixed Assets	Totals (Memorandum Only)	
	General Fund	Capital Projects		1997	1996
<b>ASSETS AND OTHER DEBITS</b>					
Cash	\$ 86,675	\$62,359	\$ -	\$ 149,034	\$ 27,738
Interest-bearing deposits	230,000	-	-	230,000	356,000
Interest receivable	126	-	-	126	1,078
Due from other governments	2,500	-	-	2,500	-
Property, plant and equipment - Sewer system	-	-	697,331	697,331	297,455
<b>Total assets and other debits</b>	<b>\$319,301</b>	<b>\$62,359</b>	<b>\$697,331</b>	<b>\$1,078,991</b>	<b>\$682,271</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 78	\$ -	\$ -	\$ 78	\$ 454
Due to other funds	-	2,500	-	2,500	-
<b>Total liabilities</b>	<b>78</b>	<b>2,500</b>	<b>-</b>	<b>2,578</b>	<b>454</b>
<b>Fund equity:</b>					
Investment in general fixed assets	-	-	697,331	697,331	297,455
Fund balance - Unreserved, undesignated	319,223	59,859	-	379,082	384,362
<b>Total fund equity</b>	<b>319,223</b>	<b>59,859</b>	<b>697,331</b>	<b>1,076,413</b>	<b>681,817</b>
<b>Total liabilities and fund equity</b>	<b>\$319,301</b>	<b>\$62,359</b>	<b>\$697,331</b>	<b>\$1,078,991</b>	<b>\$682,271</b>

The accompanying notes are an integral part of this statement.



GENERAL PURPOSE FINANCIAL STATEMENTS

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana.

*Darnall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Morgan City, Louisiana  
December 23, 1997



# Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Ret. 1993  
 I. Larry Sikes, CPA 1993  
 Danny P. Freck, CPA 1993  
 Clayton E. Deane, CPA 1993  
 Eugene H. Darnall, CPA 1993  
 Paula D. B... CPA 1993  
 Stephanie M. Higginbotham, CPA 1993  
 Lloyd E. D... CPA 1993  
 Cecil A. Herr... CPA 1993  
 Kathleen E. D... CPA 1993  
 Jewette S. Z... CPA 1993  
 Stephen R. Dischler, MPA, CPA 1993  
 Chris A. M... CPA 1993  
 Alan M. T... CPA 1993  
 Jane R. H... CPA 1993  
 Christine A. Rasph... CPA 1993  
 John P. A... CPA 1993  
 Steven G. M... CPA 1993  
 Ellen Pen... CPA 1993  
 Yamen T... CPA 1993

## INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors  
 Sewerage District No. 9  
 of the Parish of St. Mary,  
 State of Louisiana

125 Rue Bayou, Suite 200  
 Lafayette, Louisiana 70508  
 337-281-1111  
 12311 E. L...  
 Eunice, Louisiana 70508  
 337-411-1111  
 1201 B...  
 Morgan City, Louisiana 70354  
 802-451-1111  
 404 P...  
 Abbeville, Louisiana 70511  
 337-851-1111

We have audited the accompanying general purpose financial statements of the Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council as of and for the year ended September 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's officials. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 the Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana, as of September 30, 1997, 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 December 23, 1997, on our consideration of the District's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Accountant  
 Certified Public Accountant

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**SEWERAGE DISTRICT NO. 9  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA**

FINANCIAL STATEMENTS

Year Ended September 30, 1997

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 3/4/98

the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees the District did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

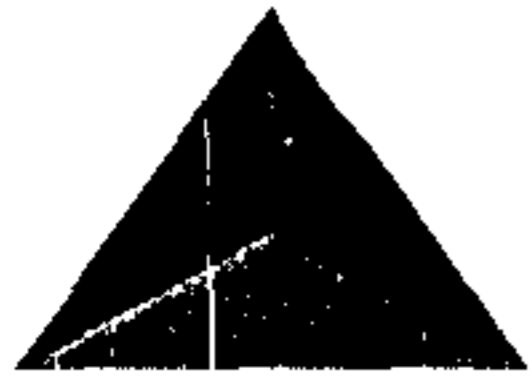
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended for the information of the District's management. However, this report is a matter of public record and its distribution is not limited.

*Darnall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Morgan City, Louisiana  
December 23, 1997



# Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired, 1990

E. Larry Sikes, CPA  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA  
Eugene H. Darnall, CPA  
Paula D. Boyer, CPA  
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Floyd E. Dorz, CPA  
Cecil A. Hernandez, CPA

Kathleen E. Darnall, CPA  
Jennifer S. Ziegler, CPA  
Stephen R. Dischler, MBA, CPA  
Chris A. Miller, CPA  
Alan M. Lewis, CPA  
Jane R. Hebert, CPA  
Christine A. Rasberry, CPA  
John P. Aron, CPA  
Steven G. Mason, CPA  
Ellen Pennas, CPA  
Lamela Lane, CPA

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

125 Rue Beauvoir  
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337-481-1111  
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Lumbert, LA 70503  
337-481-1111  
1201 Brashear  
Morgan City, LA 70391  
504-381-1111  
404 Peregrine  
Abbeville, LA 70511  
337-891-1111

The Board of Supervisors  
Sewerage District No. 9  
of the Parish of St. Mary,  
State of Louisiana

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We have audited the financial statements of the Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council as of and for the year ended September 30, 1997, and have issued our report thereon dated December 23, 1997. We have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that were required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on

MEMBER  
American Institute of Certified Public Accountants  
National Society of Accountants

INTERNAL CONTROL  
AND  
COMPLIANCE REPORT



**SUPPLEMENTAL  
INFORMATION**

SEWERAGE DISTRICT NO. 9  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

(4) Changes in Fixed Assets

The following is a summary of changes in general fixed assets for the fiscal year:

	<u>Balance</u> <u>October 1, 1996</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30, 1997</u>
Sewer System	\$297,455 =====	\$399,876 =====	\$ - =====	\$697,331 =====

(5) Pending Litigation

The District is presently not involved in any litigation.