

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Comparative Statements of Cash Flows  
Proprietary Fund Type  
Years Ended September 30, 1996 and 1995

	Enterprise	
	1996	1995
Cash flows from operating activities:		
Operating loss	\$ (96,605)	\$ (93,835)
Adjustments to reconcile operating loss to net cash used by operating activities -		
Depreciation	54,059	55,552
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	239	(264)
(Increase) decrease in other assets	(1,054)	1,593
Increase (decrease) in accounts payable	193	(310)
Increase in accrued liabilities	22,938	1,570
Increase in customer deposits	1,373	503
Total adjustments	77,748	58,644
Net cash used by operating activities	(18,857)	(35,191)
Cash flows from noncapital financing activities:		
Ad valorem taxes	50,753	72,471
Cash paid to other funds	(100,000)	-
Net cash provided by (used by) noncapital financing sources	(49,247)	72,471
Cash flows used by capital and related financing activities:		
Acquisition of utility property, plant and equipment	(5,865)	-
Cash flows from investing activities:		
Purchase of interest-bearing deposits	(321,580)	(1,154,528)
Proceeds from the sale and maturities of interest-bearing deposits	380,712	987,141
Interest received on interest-bearing deposits	24,911	21,314
Net cash provided by (used by) investing activities	84,043	(146,073)

(continued)

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings  
Proprietary Fund Type  
Years Ended September 30, 1996 and 1995

	Enterprise	
	1996	1995
Operating revenues:		
Charges for sewer service	\$ 102,522	\$105,806
Permits	175	125
Delinquent charges	2,273	2,091
Miscellaneous	17	45
Total operating revenues	<u>104,987</u>	<u>108,067</u>
Operating expenses:		
Advertising	1,752	941
Accounting	6,550	7,100
Bad debt expense	158	499
Bank charges	44	105
Contract labor	946	1,063
Depreciation	54,059	55,552
Insurance	16,346	15,985
Office supplies	1,744	1,393
Meeting expense	2,460	2,940
Miscellaneous	139	972
Postage	1,989	1,815
Repairs	5,817	8,644
Salaries	48,257	46,750
Sewer treatment charges	40,247	38,522
Supplies	3,245	2,365
Taxes	4,255	4,041
Telephone	3,550	3,588
Truck expense	3,600	3,600
Utilities	6,434	6,027
Total operating expenses	<u>201,592</u>	<u>201,902</u>
Operating loss	<u>(96,605)</u>	<u>(93,835)</u>
Nonoperating revenues (expenses):		
Taxes - ad valorem	52,881	74,714
Interest income	24,911	21,314
Assessors compensation	(2,128)	(2,243)
Operating transfers out	(100,000)	-
Total nonoperating revenues	<u>(24,336)</u>	<u>93,785</u>
Net Loss	<u>(120,941)</u>	<u>(50)</u>
Add: Depreciation on fixed assets acquired by federal and state grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>51,534</u>	<u>53,468</u>
Increase (decrease) in retained earnings	<u>(69,407)</u>	<u>53,418</u>
Retained earnings, beginning	<u>559,023</u>	<u>505,605</u>
Retained earnings, ending	<u>\$ 489,616</u>	<u>\$559,023</u>
	=====	=====

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (GAAP Basis) and Actual  
Governmental Fund Type  
Year Ended September 30, 1996

	Debt Service Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes - ad valorem	\$ 212,944	\$ 212,944	\$ -
Miscellaneous	9,600	31,211	21,611
Total revenues	222,544	244,155	21,611
Expenditures:			
Current -			
General government:			
Administrative	11,186	11,712	(526)
Debt service -			
Principal retirement	104,000	104,000	-
Other - advance refunding escrow	452,394	452,394	-
Interest and fiscal charges	153,772	153,772	-
Total expenditures	721,352	721,878	(526)
Excess of revenues over expenditures	(498,808)	(477,723)	21,085
Other financing sources (uses):			
Operating transfers in	100,000	100,000	-
Proceeds of refunding debt	1,340,000	1,340,000	-
Payment to refunded bond escrow agent	(1,322,606)	(1,322,606)	-
Total other financing sources (uses)	117,394	117,394	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(381,414)	(360,329)	21,085
Fund balance, beginning	499,209	499,209	-
Fund balance, ending	\$ 117,795	\$ 138,880	\$21,085

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance -  
Governmental Fund Type  
Years Ended September 30, 1996 and 1995

	Debt Service Fund	
	1996	1995
Revenues:		
Taxes - ad valorem	\$ 212,944	\$297,259
Miscellaneous	<u>31,211</u>	<u>22,675</u>
Total revenues	<u>244,155</u>	<u>319,934</u>
Expenditures:		
Current -		
General government:		
Administrative	11,712	10,265
Debt service -		
Principal retirement	104,000	100,000
Other - advance refunding escrow	452,394	-
Interest and fiscal charges	<u>153,772</u>	<u>164,005</u>
Total expenditures	<u>721,878</u>	<u>274,270</u>
Excess (deficiency) of revenues over expenditures	(477,723)	45,664
Other financing sources (uses):		
Operating transfers in	100,000	-
Proceeds of refunding debt	1,340,000	-
Payment to refunded bond escrow agent	<u>(1,322,606)</u>	<u>-</u>
Total other financing sources (uses)	<u>117,394</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(360,329)	45,664
Fund balance, beginning	<u>449,209</u>	<u>453,545</u>
Fund balance, ending	<u>\$ 138,880</u>	<u>\$499,209</u>

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Combined Balance Sheet - All Fund Types and Account Group  
September 30, 1996

	<u>Governmental</u> <u>Fund Type</u> <u>Debt Service</u>	<u>Proprietary</u> <u>Fund Type</u> <u>Enterprise</u>	<u>Account Group</u> <u>General Long-</u> <u>Term Debt</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
				<u>1996</u>	<u>1995</u>
<b>ASSETS AND OTHER DEBITS</b>					
Cash	\$ -	\$ 6,998	\$ -	\$ 6,998	\$ 6,220
Interest-bearing deposits, at cost	138,880	494,232	-	633,112	1,042,529
Receivables:					
Accounts	-	8,603	-	8,603	8,841
Accrued interest	-	1,923	-	1,923	3,132
Prepaid insurance	-	486	-	486	577
Deposits	-	145	-	145	145
Restricted assets:					
Interest-bearing deposits, at cost	-	15,946	-	15,946	14,340
Utility property, plant and equipment	-	2,550,383	-	2,550,383	2,545,646
Accumulated depreciation	-	(538,252)	-	(541,253)	(485,320)
Amount available in debt service fund	-	-	138,880	138,880	499,209
Amount to be provided for retirement of general long-term debt	-	-	<u>1,097,120</u>	<u>1,097,120</u>	<u>1,275,791</u>
Total assets and other debits	<u>\$138,880</u>	<u>\$2,540,464</u>	<u>\$1,236,000</u>	<u>\$3,912,343</u>	<u>\$4,911,110</u>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities:					
Accounts payable	\$ -	\$ 4,230	\$ -	\$ 4,230	\$ 4,037
Accrued liabilities	-	32,824	-	32,824	9,886
Payable from restricted assets - Customers' deposits	-	14,380	-	14,380	13,007
Long-term debt - General obligation bonds payable	-	-	<u>1,236,000</u>	<u>1,236,000</u>	<u>1,775,000</u>
Total liabilities	<u>-</u>	<u>51,434</u>	<u>1,236,000</u>	<u>1,287,434</u>	<u>1,801,930</u>
Fund equity:					
Contributed capital	-	<u>1,999,414</u>	-	<u>1,999,414</u>	<u>2,050,948</u>
Retained earnings - Unreserved	-	<u>489,616</u>	-	<u>489,616</u>	<u>559,023</u>
Fund balance - Reserved for debt service	<u>138,880</u>	-	-	<u>138,880</u>	<u>499,209</u>
Total fund equity	<u>138,880</u>	<u>2,489,030</u>	<u>-</u>	<u>2,627,910</u>	<u>3,109,180</u>
Total liabilities and fund equity	<u>\$138,880</u>	<u>\$2,540,464</u>	<u>\$1,236,000</u>	<u>\$3,915,344</u>	<u>\$4,911,110</u>

The accompanying notes are an integral part of this statement.

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)**

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Sewerage District No. 8 of the Parish of St. Mary, State of Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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. 8 of the Parish of St. Mary, State of Louisiana.

*Darnall, Sikes, Kolder, Frederick & Rainey*

A Corporation of Certified Public Accountants

Morgan City, Louisiana  
October 25, 1996

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
 GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Combined balance sheet - all fund types and account groups	4
Comparative statements of revenues, expenditures, and changes in fund balances - governmental fund type	5
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual - governmental fund type	6
Comparative statements of revenues, expenses, and changes in retained earnings - proprietary fund type	7
Comparative statements of cash flows - proprietary fund type	8-9
Notes to financial statements	10-19
 SUPPLEMENTAL INFORMATION	
INTERNAL CONTROL AND COMPLIANCE REPORTS	
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	22-23
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	24
 OTHER SUPPLEMENTARY INFORMATION	
Schedule of number of utility customers (unaudited)	26
Schedule of insurance in force (unaudited)	27
Combined schedule of interest-bearing deposits - all funds	28



design or operation of the internal control structure 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 general purpose 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.

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 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.

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, Kolder, Frederick & Rainey*

A Corporation of Certified Public Accountants

Morgan City, Louisiana  
October 25, 1996

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**SEWERAGE DISTRICT NO. 8 OF THE  
PARISH OF ST. MARY,  
STATE OF LOUISIANA**

FINANCIAL STATEMENTS *8910*

Year Ended September 30, 1996

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 DEC 18 1996

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Comparative Statements of Cash Flows (Continued)  
Proprietary Fund Type  
Years Ended September 30, 1996 and 1995

	Enterprise	
	1996	1995
Net increase (decrease) in cash and cash equivalents	\$ 10,074	\$(108,793)
Cash and cash equivalents, beginning of year	185,522	294,315
Cash and cash equivalents, end of year	\$ 195,596	\$ 185,522
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 6,220	\$ 9,297
Interest-bearing deposits - unrestricted	545,674	484,710
Interest-bearing deposits - restricted	14,340	13,633
Less: Interest-bearing deposits with a maturity over three months	(380,712)	(213,325)
Total cash and cash equivalents	185,522	294,315
Cash and cash equivalents, end of period -		
Cash - unrestricted	6,998	6,220
Interest-bearing deposits - unrestricted	494,232	545,674
Interest-bearing deposits - restricted	15,946	14,340
Less: Interest-bearing deposits with a maturity over three months	(321,580)	(380,712)
Total cash and cash equivalents	195,596	185,522
Net increase (decrease)	\$ 10,074	\$(108,793)

The accompanying notes are an integral part of this statement.

# DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

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## INDEPENDENT AUDITOR'S REPORT

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The Board of Supervisors  
Sewerage District No. 8  
of the Parish of St. Mary,  
State of Louisiana

We have audited the accompanying general purpose financial statements of the Sewerage District No. 8 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, 1996, 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 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. 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 the Sewerage District No. 8 of the Parish of St. Mary, State of Louisiana, as of September 30, 1996, and the results of its operations and the cash flows of its proprietary fund type 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 October 25, 1996 on our consideration of the District's internal control structure and a report dated October 25, 1996 on its compliance with laws and regulations.

**SUPPLEMENTAL  
INFORMATION**

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Sewerage District No. 8 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. 8.

The accounting and reporting policies of the Sewerage District No. 8 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 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. Although the Parish does not provide facilities or financing, it does exercise some control over operations.

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. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUND -

Debt service fund

**INTERNAL CONTROL  
AND  
COMPLIANCE REPORTS**

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds  
September 30, 1996

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Debt Service Fund:				
Insured money market	N/A	N/A	various	\$ 51,659
Priority Savings Account	N/A	N/A	2.96%	<u>87,221</u>
Total debt service fund				<u>138,880</u>
Utility Fund:				
Certificate of deposit -				
Teche Federal Savings Bank	12 months	2/5/97	5.12%	41,580
Teche Federal Savings Bank	18 months	12/19/97	6.06%	280,000
Insured money market	N/A	N/A	various	86,348
Priority Savings Account -				
Teche Federal Savings Bank	N/A	N/A	2.96%	86,304
Total utility fund				<u>494,232</u>
Total - all funds				<u>\$633,112</u>



SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
September 30, 1996

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Comprehensive general liability, bodily injury and property damage/combined single limit	\$2,000,000
Surety bonds -	
Ken Cooper	10,000
Clyde Crappell	10,000
Ray Rentrop	10,000
Leo Harrington	10,000
Eva Harrington	10,000
Barbara Segura	10,000
Business auto (hired and non-owned)	1,000,000
Workmen's compensation -	statutory
Employer liability	100,000
Fire, lightning, and extended coverage -	
Building and contents, all risks except flood and earthquake	62,000

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Schedule of Number of Utility Customers  
(Unaudited)  
September 30, 1996

Records maintained by the District indicated the following number of sewerage customers were being served during the month of September, 1996 and 1995:

1996	512
1995	500

**OTHER SUPPLEMENTARY INFORMATION**

# DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

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

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The Board of Supervisors  
Sewerage District No. 8  
of the Parish of St. Mary,  
State of Louisiana

We have audited the general purpose financial statements of the Sewerage District No. 8 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, 1996, and have issued our report thereon dated October 25, 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 the Sewerage District No. 8 of the Parish of St. Mary, State of Louisiana, is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Sewerage District's compliance with certain provisions of laws and regulations. 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.

This report is intended for the information of the Sewerage District No. 8 of the Parish of St. Mary, State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Darnall, Sikes, Kolder, Frederick & Rainey*

A Corporation of Certified Public Accountants

Morgan City, Louisiana  
October 25, 1996

# DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

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

The Board of Supervisors  
Sewerage District No. 8  
of the Parish of St. Mary,  
State of Louisiana

We have audited the general purpose financial statements of the Sewerage District No. 8 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, 1996, and have issued our report thereon dated October 25, 1996.

We have 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 Board of Supervisors of the Sewerage District No. 8 of the Parish of St. Mary, State of Louisiana are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements 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 the Sewerage District No. 8 of the Parish of St. Mary, State of Louisiana for the year ended September 30, 1996, 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.

We noted one certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the

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SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

The annual requirement to amortize this debt including interest of \$206,997, are as follows:

<u>Year Ending September 30.</u>	<u>Parish General Obligation</u>
1997	\$ 120,550
1998	120,566
1999	120,710
2000	121,014
2001	120,249
2002-2004	<u>481,527</u>
	<u>\$1,084,616</u>

The Parish has obligated a portion of 3/4 cents sales tax revenues to pay these bonds. The District's liability in 1996 (difference in sales tax collection and payment obligation) is not measurable and therefore is not recorded as a liability.

(9) Pending Litigation

The District is presently not involved in any litigation.

(10) Advance Refunding

In November, 1995, the District issued \$1,340,000 of general obligation bonds to advance refund \$1,775,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long term debt account group. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$499,803 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$297,583.

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

Sewerage District No. 8 of the Parish of St. Mary, State of Louisiana:	
Total payroll for employees covered by the System	38,400
Total payroll of all employees	48,111
Statutorily required contribution -	
Employer	2,856
Employees	3,648
Total statutorily required contribution	\$ 6,504
Actuarially required contribution -	
Employer and employees	\$ 6,743
As a percent of all participating employers and employees	.01%
Actual contributions made to the System -	
Employer	2,856
Employees	3,648
Total actual contributions	\$ 6,504

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee 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 PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation for the System as a whole, determined through actuarial valuation, taken from the December 31, 1995 financial report follows:

Pension benefit obligation	\$762,893,530
Net assets available	647,645,018
Unfunded pension benefit obligation	\$115,298,512

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, 1995 comprehensive annual financial report. The District does not guarantee the benefits granted by the System.

(8) Intergovernmental Agreement

- A. On July 26, 1996 the district entered into an agreement with the St. Mary Parish Council to pay a portion of the Parish's General Obligation Bonds used for the construction of the regional sewerage treatment facility in wards 5 and 8.

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

(7) Retirement Commitments

Substantially all full-time employees of the Sewerage District No. 8 of the Parish of St. Mary, State of Louisiana participate in the Parochial Employees' Retirement System of Louisiana (Plan A). This System is a multiple-employer public retirement system (PERS) and is controlled and administered by a separate board of trustees. Pertinent information relative to this plan follows:

Summary of Benefits -

Members with 10 years of creditable service may retire at age sixty; members with 25 years of service may retire at age fifty-five; members with 30 years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's final average compensation (defined as the average of the highest consecutive thirty-six months), multiplied by his years of creditable service; however, any employee who was a member of the supplemental plan only prior to the revision date has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of member's final salary or the final average compensation.

Contributions -

Contributions to the Parochial Employees Retirement System requires covered employees to contribute 9.50 percent of their salaries to the System. The System requires an employer contribution equal to 8.00 percent of each covered member's salary in 1995 and 7.25 percent in 1996.

Although contributions are determined by state statute rather than actuarial calculations, actuarially required contributions are determined for the System. The following actuarial and payroll information relating to the previously described System and to the Sewerage District No. 8 of the Parish of St. Mary, State of Louisiana is presented below.

Retirement System:

Annual payroll of covered employees of the system	\$261,736,015
Systems' total actuarially required contribution from all sources (dedicated taxes, employees, and employers) -	
Dollar amount	48,330,947
Percent of covered members' payroll	18.47%
Amount estimated to be provided by dedicated taxes -	
Dollar amount	2,367,765
Percent of covered members' payroll	.90%
Total actuarially required contribution for both employees and employers after deducting dedicated taxes -	
Dollar amount	45,963,152
Percent of covered members' payroll	17.56%



SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

(5) Utility Property, Plant and Equipment

A summary of property, plant and equipment at September 30, 1996 follows:	
Sewerage Department -	
System	\$2,445,353
Equipment	6,863
Furniture and fixtures	<u>98,167</u>
	2,550,383
Less: Accumulated depreciation	<u>(538,252)</u>
Net utility property, plant and equipment	<u>\$2,012,151</u>

(6) Changes in Long-Term Debt

The following is a summary of bond transactions of the Sewerage District No. 8 of the Parish of St. Mary, State of Louisiana for the year ended September 30, 1996:

	<u>General Obligation</u>
Bonds Payable, October 1, 1995	\$ 1,775,000
Bonds issued	1,340,000
Bonds retired	<u>(1,879,000)</u>
Bond payable, September 30, 1996	<u>\$ 1,236,000</u>

Bonds payable at September 30, 1996 is composed of the following individual issue:

General obligation bonds:

\$1,340,000 1995 Sewerage bonds; due in annual installments of \$104,000 to \$184,000 through March 1, 2005; interest rate of 5.75 percent per annum; payable by levy and collection of ad valorem taxes.	<u>\$1,236,000</u>
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The annual requirements to amortize all debt outstanding as of September 30, 1996, including interest payments of \$355,695, are as follows:

<u>Year Ending September 30,</u>	<u>General Obligation</u>
1997	\$ 168,195
1998	170,215
1999	171,775
2000	172,875
2001	177,400
2002-2005	<u>731,235</u>
	<u>\$1,591,695</u>

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

and national banks having principal offices in Louisiana. At September 30, 1996, the District has cash and interest-bearing deposits (book balances) totaling \$656,056 as follows:

Demand deposits	\$ 6,998
Money market accounts	321,580
Time deposits	<u>327,478</u>
Total	<u>\$656,056</u>

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, 1996, are secured as follows:

Bank balances	<u>\$662,158</u>
Federal deposit insurance	\$215,130
Pledged securities (Category 2)	<u>447,028</u>
Total federal insurance and pledged securities	<u>\$662,158</u>

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.

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects property taxes for the District using the assessed values determined by the tax assessor of St. Mary Parish. District property tax revenues are budgeted in the year billed.

For the year ended September 30, 1996, 14.98 mills were authorized and dedicated as follows:

Sewerage system maintenance	2.98 mills
Debt service	12.00 mills

Total taxes levied were \$265,825. There were no taxes receivable at September 30, 1996.

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

L. 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.

M. 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.

N. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

(2) Meeting Expense

Meeting expense paid to the Board of Supervisors for the year ending September 30, 1996, is as follows:

Clyde Crappell, Chairman	\$ 840
Ken Cooper, Secretary/Treasurer	840
Ray Rentrop, Supervisor	<u>780</u>
	<u>\$2,460</u>

(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

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

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.

F. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality.

G. Vacation and Sick Leave

On January 27, 1989, the District adopted an annual vacation and sick leave policy for all full time employees. Vacation varies with the length of service and cannot be carried forward. Sick leave is accrued at a rate of one half day per month and is allowed to accumulate up to sixty days. No sick leave is payable on termination. At September 30, 1996, \$7,441 of vacation pay and sick leave was accrued.

H. Interest-Bearing Deposits

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 1996, are recorded as prepaid items.

J. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

K. 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.

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed. Other major revenues that are considered susceptible to accrual include intergovernmental revenues and interest on interest-bearing deposits.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables, resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not estimated and recorded at year end. In the opinion of the administration, such amounts cannot be accurately determined and would have no material effect on the fairness of the financial statements.

E. Budgets and Budgetary Accounting

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

1. The District Secretary 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.
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 revenues exceeding amounts estimated require the approval of the Board of Supervisors.
6. All budgetary appropriations lapse at the end of each fiscal year.

SEWERAGE DISTRICT NO. 8  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

PROPRIETARY FUND -

Enterprise fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise fund is the Utility Fund.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage Utility:	
System	50 years
Equipment	8 years
Furniture and fixtures	5 years

D. Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.