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PARISH DISTRICT NO. 2  
OF THE  
PARISH OF ST. MARY  
STATE OF LOUISIANA

REPORT ON EXAMINATION OF  
FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
SEPTEMBER 30, 1966 AND 1965

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the JACU, or reviewed, orally 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 - FEB 24 1967

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**LEEGLAND AND CARPENTER**

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

1000 BAYVIEW BL., P.O. BOX 1000

HOUMA, LOUISIANA 70061

PHONE 845-1100

FAX 845-0900

8001 JONES BLVD., SUITE 100  
TAMMOK, LA 70086-0100

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF  
SOCIETY OF CHARTERED  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Sewerage District No. 2  
Parish of St. Mary  
Bayou Vista, Louisiana

We have audited the accompanying general purpose financial statements of Sewerage District No. 2, a component unit of the Parish of St. Mary, State of Louisiana, as of and for the years ended September 30, 1994 and 1995, as listed in the table of contents. These financial statements are the responsibility of the District'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 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 component unit general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Sewerage District No. 2 as of September 30, 1994 and 1995, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 10, 1997 on our consideration of Sewerage District No. 2's internal control structure and a report dated January 10, 1997 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The individual fund financial statements, schedules, and statistical data listed in the table of contents are presented for purposes of additional analysis and are not

a required part of the component unit financial statements of Sewerage District No. 2. 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 component unit general purpose financial statements, and, in our opinion, the information is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*McBane and Carpenter*

January 30, 1987  
Morgan City, Louisiana

SHREVEPORT DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups

September 30, 1996

	<u>Governmental</u> <u>Fund Types</u>		<u>Proprietary</u> <u>Fund Type</u>
	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Sewerage</u> <u>System</u> <u>(Enterprises)</u>
<b>ASSETS</b>			
Cash	\$141,956	\$ 14,343	\$ 143,454
Investments, at cost			332,101
Receivables			
Special assessments receivable			
Current	--	15,883	--
Delinquent	--	1,880	--
Deferred	--	32,584	--
Due from other governmental units	--	--	49,893
Prepaid expenses	--	--	1,647
Sewerage property, plant, and equipment	--	--	2,115,616
Amount available in Debt Service Fund	--	--	--
Amount to be provided for retirement of general long-term debt	--	--	--
	<u>---</u>	<u>---</u>	<u>---</u>
<b>TOTAL ASSETS</b>	<b>\$141,956</b>	<b>\$ 63,689</b>	<b>\$1,600,861</b>
	<small>(\$141,956.00)</small>	<small>(\$ 63,689.00)</small>	<small>(\$1,600,861.00)</small>
<b>LIABILITIES</b>			
Accounts payable	\$ --	\$ --	\$ 1,340
Due to other governmental units	--	--	9,919
Special assessment deferred revenue	--	32,584	--
Bonds payable, sewer certificates	--	--	--
	<u>---</u>	<u>---</u>	<u>---</u>
<b>TOTAL LIABILITIES</b>	<b>---</b>	<b>32,583</b>	<b>11,259</b>
<b>FUND EQUITY</b>			
Contributed capital			
Governmental	--	--	1,882,352
Retained Earnings			
Unreserved	--	--	686,793
Fund balances			
Reserved for debt service	--	21,066	--
Restricted for intergovernmental commitment	141,956	--	--
	<u>141,956</u>	<u>---</u>	<u>---</u>
<b>TOTAL FUND EQUITY</b>	<b>141,956</b>	<b>21,065</b>	<b>2,569,095</b>
	<small>(\$141,956.00)</small>	<small>(\$ 21,065.00)</small>	<small>(\$2,569,095.00)</small>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$141,956</b>	<b>\$ 83,649</b>	<b>\$2,600,061</b>
	<small>(\$141,956.00)</small>	<small>(\$ 83,649.00)</small>	<small>(\$2,600,061.00)</small>

Account Group General Long-term Debit	Totals (Nonrecurring Only)	
	3-30-96	3-30-95
\$ --	\$ 278,752	\$ 63,323
--	332,181	332,787
--	15,883	15,071
--	5,000	5,181
--	32,584	48,491
--	47,843	37,630
--	1,847	1,839
--	2,348,838	2,384,188
\$1,000	33,085	30,835
<u>21,176</u>	<u>23,728</u>	<u>28,645</u>
\$ 52,852	\$2,878,546	\$2,747,358
(1000 00 0000000000)	(1000 00 0000000000)	(1000 00 0000000000)
\$ --	\$ 1,143	\$ 1,043
--	8,918	13,158
--	32,584	48,491
<u>52,843</u>	<u>42,645</u>	<u>72,692</u>
<u>12,881</u>	<u>90,306</u>	<u>136,162</u>
--	1,983,232	2,084,508
--	604,709	535,760
--	31,885	30,835
<u>72</u>	<u>181,826</u>	<u>60</u>
<u>12</u>	<u>2,782,948</u>	<u>2,811,163</u>
\$ 52,843	\$2,878,546	\$2,747,358
(1000 00 0000000000)	(1000 00 0000000000)	(1000 00 0000000000)

See notes to Financial Statements.

## EXHIBIT B

SENIORATE DISTRICT NO. 2, OF THE PARISH OF ST. MARY  
STATE OF LOUISIANACombined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types

For the Year Ended September 30, 1994

	Governmental Fund Types		Totals	
	Special Revenues	Debt Service	(Memorandum Only)	
	1993	1993	1993	1993
<b>REVENUES</b>				
Intergovernmental revenues	\$119,474	\$ --	\$119,474	\$ --
Special assessments-property	--	18,903	18,903	18,903
Interest income	1,893	8,928	8,928	8,904
Prepayment penalties	--	46	46	105
<b>TOTAL REVENUES</b>	<b>121,367</b>	<b>27,877</b>	<b>149,244</b>	<b>27,912</b>
<b>EXPENDITURES</b>				
Intergovernmental expenditures	89,468	--	89,468	--
Debt service	--	--	--	--
Principal retirement, sewer certificates	--	17,600	17,600	34,530
Interest expense	--	5,744	5,744	9,466
Redemption premium	--	--	--	406
Administration costs	22	288	310	483
<b>TOTAL EXPENDITURES</b>	<b>89,489</b>	<b>23,632</b>	<b>113,121</b>	<b>44,925</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>31,878</b>	<b>415</b>	<b>32,293</b>	<b>(17,013)</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers	30,000	--	30,000	--
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>30,000</b>	<b>--</b>	<b>30,000</b>	<b>--</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</b>	<b>61,878</b>	<b>415</b>	<b>62,293</b>	<b>(17,013)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>--</b>	<b>10,835</b>	<b>10,835</b>	<b>87,968</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$163,956</b>	<b>\$ 11,250</b>	<b>\$175,206</b>	<b>\$ 70,955</b>

See notes to financial statements.

SEWERAGE DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA

Sewerage Enterprise Fund  
Statements of Income, Expenses and Changes in Retained Earnings  
Proprietary Fund Type

For the years ended September 30, 1996 and 1995

	9-30-96	9-30-95
<b>OPERATING REVENUES</b>		
Charges for sewer service	\$200,383	\$200,615
Delinquent charges	3,870	3,046
Licenses and permits	180	75
Other Revenues	--	--
<b>TOTAL OPERATING REVENUES</b>	<b><u>204,433</u></b>	<b><u>203,736</u></b>
<b>OPERATING EXPENSES</b>		
Personal services		
Maintenance Supervisor	12,088	12,088
Accounting and secretary	4,303	4,303
Board meetings	3,483	3,640
Operating services		
Sewerage treatment fees	137,962	138,742
Collection fees	14,400	14,400
Insurance	3,608	3,851
Audit fees	3,795	3,285
Legal fees and costs	38	703
Engineering	1,260	1,042
Repairs and maintenance	15,010	46,776
Bad debts	874	820
Utilities - pump station	11,469	9,886
Office expenses	680	434
Advertising	833	277
Depreciation	68,172	68,610
<b>TOTAL OPERATING EXPENSES</b>	<b><u>278,143</u></b>	<b><u>308,318</u></b>



	8-30-95	8-30-95
INCOME (LOSS) BEFORE NONOPERATING REVENUE AND EXPENSES	\$ 35,410	\$ (300,420)
NONOPERATING REVENUE (EXPENSES)		
Ad valorem taxes	58,082	52,406
Interest income	<u>18,527</u>	<u>19,414</u>
TOTAL NONOPERATING REVENUE (NET)	<u>76,609</u>	<u>71,820</u>
INCOME (LOSS) BEFORE OTHER	58,619	(128,600)
DEPRECIATION TRANSFERRED TO EQUITY CONTRIBUTED OTHER FINANCING (LOSS)	52,208	52,208
Operating transfer to other fund	<u>(29,800)</u>	<u>—</u>
NET INCOME	70,827	29,488
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>515,228</u>	<u>510,222</u>
RETAINED EARNINGS AT END OF YEAR	\$ 606,707	\$ 539,780
	APPROVED BY BOARD	APPROVED BY BOARD

See notes to financial statements.

BOHRERAGE DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA

Statement of Cash Flows - Proprietary Fund Type

For the years ended September 30, 1994 and 1995

Increase (Decrease) in Cash and Cash Equivalents

	9-30-95	9-30-94
Cash flows from operating activities:		
Cash received from customers	\$ 300,300	\$ 307,270
Cash payments for personnel services	(128,880)	(120,840)
Cash payments for operating services	(135,220)	(123,415)
Net cash provided by (used for) operating activities	36,200	63,025
Cash flows from nonoperating revenues and expenses:		
Ad valorem taxes	58,850	62,400
Interest income	15,317	13,824
Net cash provided by nonoperating revenues and expenses	74,167	76,224
Cash flows from other financing uses:		
Operating transfer to other fund	(128,000)	--
Net cash used for other financing uses	(128,000)	--
Net increase (decrease) in cash and cash equivalents	82,367	13,049
Cash and cash equivalents at beginning of year	221,828	208,779
Cash and cash equivalents at end of year	\$ 304,195	\$ 221,828

## EXHIBIT D

	8-30-88	8-30-89
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 25,660	\$ (102,620)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	60,572	60,430
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(18,213)	16,469
(Increase) decrease in prepaid expenses	0	255
Increase (decrease) in accounts payable	(1,899)	(4,780)
Increase (decrease) in due to other governmental units	19,231	68,254
Net cash provided (used) by operating activities	\$ 75,271	\$ (50,179)

See notes to financial statements.

SEWASQUE DISTRICT NO. 2  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996

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SEWERAGE DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA

## Notes to Financial Statements

September 30, 1998

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sewerage District No. 2 of the Parish of St. Mary, State of Louisiana was incorporated on March 20, 1969, under the authority of the State of Louisiana and the Parish of St. Mary. The District operates under a Board of Commissioners and provides sewerage services to the citizens residing within the boundaries of Sewerage District No. 2. The District is a public corporation and political subdivision of the State and is authorized to incur debt, issue bonds, levy taxes and collect assessments.

The financial statements of Sewerage District No. 2 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

Reporting Entity

GASB Statement No. 14, Governmental Reporting Entity, establishes criteria for determining which organizations should be included in a governmental financial reporting entity. The focal point for defining the financial reporting entity is the primary government. The Sewerage District No. 2 is a component unit of the St. Mary Parish Council (primary government) and, as such, these financial reports may be included in the CRF of the Council for the year ended December 31, 1998. The Sewerage District No. 2 has followed GASB-14 guidance to determine that there are no financial statements of other organizations that should be combined with their statements to form a financial reporting entity.

Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's statements and interpretations, AMB Opinions and NMAA issued, except for those that conflict with or contradict GASB pronouncements.

NOTE E - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUND TYPE

Enterprise Fund

An enterprise fund is used to account for operations 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 services to the general public on a continuing basis be financed or recovered primarily through user charges. The District's sewerage system is an enterprise fund.

GOVERNMENTAL FUND TYPES

Special Revenue Fund

The special revenue fund is used to account for the proceeds of revenue sources restricted to expenditure for specified purposes. The District's special revenue fund is being used to account for transactions related to an intergovernmental agreement entered into with the St. Mary Parish Council on July 28, 1995. See Note J for additional details.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Their reported fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

The Sewerage System is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. An exception to this general rule is (a) principal and interest on general long-term debt which is recognized when due.

Budgets and Budgetary Accounting

The Sewerage District No. 2 follows these procedures in establishing administrative budgetary accounting:

- a. An administrative budget is employed as a management planning and control device during the year for the Proprietary Fund. The forecasted budget is prepared on a basis consistent with generally accepted accounting principles (GAAP), which for the Proprietary Fund is the accrual basis of accounting.
- b. The Proprietary Fund Statement of Income, Expenses, and Changes in Retained Earnings does not reflect budget and actual comparisons of the administrative budget because it is not a legally adopted budget.

Definition of Cash and Cash Equivalents

For purposes of the statement of cash flows, the Sewerage District No. 2 considers all cash or investments (certificates of deposit only), to be cash or cash equivalents.

Investments

State statutes authorize the District to invest in direct obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of principal and interest of such obligations is fully guaranteed by the United States; obligations of U.S. government instrumentalities which are federally sponsored; direct security repurchase agreements of obligations of the U.S. Treasury or U.S. government instrumentalities; time certificates of deposit or savings accounts; and mutual or trust fund institutions which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

Investments are stated at cost or amortized cost, which approximates market.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment and Long-Term Liabilities

The accounting and reporting treatment applied to property, plant and equipment and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus.

This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period.

All property, plant and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property, plant and equipment are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. This account group is not a "fund", it is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized on governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their report fund equity (net total assets) is segregated into contributed capital and retained earnings components.

Depreciation is provided in the enterprise fund in amounts sufficient to relate the cost of the depreciable assets, to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Storage Building	13	Years
Distribution System	15-20	Years
Equipment	3-5	Years



## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment and Long-Term Liabilities (Continued)

Certain assets have been constructed or acquired substantially with contributions in aid of construction. Net income includes depreciation on assets acquired from contributions; however, the depreciation applicable to assets acquired from contribution is transferred to the related contribution account rather than retained earnings.

Certain engineering services rendered for the Regional Sewerage Facilities to serve Wards 5 and 6 in St. Mary Parish were funded by St. Mary Parish Council contributions, the sale of bonds and federal grants from the Environmental Protection Agency which were administered by the St. Mary Parish Council. The construction costs of the Regional Sewerage Facilities are being accounted for through an intergovernmental agreement between St. Mary Parish Council, the Town of Patterson and the Town of Norwick, as maintained by the Joint Sewer Commission Wards 5 and 6. Any amounts that were contributed by St. Mary Parish Council for Sewerage District No. 2's share of construction costs during the project are recorded by the St. Mary Parish Council.

Bad Debts

The Enterprises Fund contains no allowance for uncollectable accounts receivables which is a generally accepted accounting principle. Uncollectable receivables are charged off at the time information becomes available which would indicate the uncollectability of the particular receivable. The failure to utilize the allowance method to account for bad debts is not material to the financial statements.

Total Column on Combined Balance Sheet

The total column on the Combined Balance Sheet is captioned Memorandum Only to indicate it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in 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.

## NOTE B - CASH AND INTEREST-BEARING DEPOSITS

The Sewerage District No. 2 may invest in time deposits or certificate of deposits of state banks or savings and loan associations or savings banks organized under Louisiana law and national banks having principal offices in Louisiana.

## NOTE B - CASH AND INTEREST-BEARING DEPOSITS (continued)

As September 30, 1984, the District has cash and interest-bearing deposits (book balances) stated at cost totaling \$611,853 as follows:

Checking and money market accounts	\$379,312
Certificate of deposit	<u>232,541</u>
Total	<u>\$611,853</u>

(in thousands of dollars)

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 (Book Balances) at September 30, 1984, are secured as follows:

Bank balances	\$611,853
Federal deposit insurance	\$434,401
Pledged securities (Category 2)	<u>177,452</u>
Total federal insurance and pledged securities	<u>\$611,853</u>

(in thousands of dollars)

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.

## NOTE C - CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Changes in the Enterprise Fund property, plant and equipment for the year and accumulated depreciation are presented below:

PROPERTY	Balance 1-10-83	Additions	Transfers/ Disposals	Balance 1-10-84
Land, Right of ways	\$ 46,685	\$ --	\$ --	\$ 46,685
Storage building	2,626	--	--	2,626
Distribution system	2,828,438	--	--	2,828,438
Equipment	<u>1,144</u>	<u>--</u>	<u>--</u>	<u>1,144</u>
	\$2,877,789	\$ --	\$ --	\$2,877,789
Less accumulated depreciation at year end	<u>286,682</u>			<u>286,682</u>
Totals	\$2,894,189			\$2,894,189

(in thousands of dollars)

(in thousands of dollars)

NOTE B - CONTRIBUTED CAPITAL

This District has received contributions from bonds and certificates, assessments and local sources accounted for in the Enterprise Fund for the purpose of acquiring or constructing capital facilities.

Retirement of contributions are the equivalent of the depreciation charge against the assets involved. The additions and major sources of contributed capital and other changes are as follows:

	3-31-86	3-31-85
Contributed capital at beginning of year	\$2,044,560	\$2,106,866
Contributions:		
Federal EPA grant	--	--
Property Assessments	--	--
St. Mary Parish Council	--	--
Other municipalities	--	--
Retirements		
Depreciation	<u>162,288</u>	<u>162,288</u>
Contributed capital at end of year	\$1,982,272	\$2,044,566
	*****	*****
	<u>3-31-86</u>	<u>3-31-85</u>
Cumulative contributed capital received from		
Federal EPA grant	\$ 847,587	\$ 847,587
Bonds and certificates	879,241	879,241
Assessments	894,887	894,887
St. Mary Parish Council	864,242	864,242
Other municipalities	<u>342,611</u>	<u>342,611</u>
Total contributed capital received	2,148,568	2,148,568
Less adjustment for accumulated depreciation on assets constructed substantially from contributed capital	<u>(366,296)</u>	<u>(364,228)</u>
Contributed capital as end of year	\$1,982,272	\$2,044,566
	*****	*****

NOTE E - DUE TO AND FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following:

	<u>2-28-24</u>	<u>2-28-25</u>
St. Mary Waterworks District No. 2 - inter-governmental service - Beverage fees collected	\$43,842	\$31,622
Total	\$47,842	\$37,430

Amounts due to other governmental units consisted of the following:

	<u>2-28-24</u>	<u>2-28-25</u>
Joint Sewer Commission Bonds 5 and 6 - (Beverage treatment fees)	\$ 3,912	\$13,150
Total	\$ 3,912	\$13,150

NOTE F - RELATED PARTY TRANSACTIONS

Commissioners are compensated for their attendance at monthly and special meetings. The payments amounted to \$2,480 and \$2,840 for the years ended September 30, 1924 and 1925, respectively.

NOTE G - PENDING LITIGATION

Based on information available, potential claims against the District not covered by insurance would not materially affect the financial statements of the District.

NOTE H - CHANGES IN LONG-TERM DEBT ACCOUNT GROUP

The general long-term debt as of September 30, 1924 follows:

<u>Special</u> <u>Assessment</u> <u>Bonds Payable</u>	<u>Original</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Outstanding</u> <u>2-28-24</u>	<u>Issued</u> <u>(Retired)</u> <u>During Year</u>	<u>Balance</u> <u>Outstanding</u> <u>2-28-25</u>
Coverage Certification, 1923 Series	\$240,475	5.15%	\$ 70,480	\$17,620	\$52,860

## NOTE B - CHANGES IN GENERAL LONG-TERM DEBT ACCOUNT GROUP (Continued)

The annual requirements to retire the special assessment bonds payable as of September 30, 1994 follow:

<u>PAYMENT DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST RATE</u>	<u>INTEREST DUE</u>	<u>TOTAL DEBT SERVICE</u>
April 1, 1997	17,628.00	8.15	4,908.00	21,928.00
April 1, 1998	17,628.00	8.15	3,872.00	20,482.00
April 1, 1999	17,628.00	8.15	1,828.00	19,058.00
<b>TOTALS</b>	<b>\$ 52,884.00</b>		<b>\$ 8,608.18</b>	<b>\$61,476.18</b>

Under the terms of bond indenture for the outstanding Sewerage Certificates, the principal and interest is secured and payable solely from the irrevocable pledge and dedication of the funds to be derived from the collection of the special assessments levied on the real property as set out in Local or Special Assessment Ordinance No. 1 of the Sewerage District No. 2 adopted on January 9, 1985. Property owners who exercised their right to pay the special assessment over a period of time are authorized to pay the respective amounts due and assessed by the ordinance in ten equal annual installments, bearing interest at a rate not exceeding twelve per centum per annum until paid, such interest rate to be established by the Board of Commissioners. Sewerage District No. 2 obligates itself and is bound under terms and provisions of law to properly collect said special assessments and to allocate the funds so collected for payment of the Sewerage Certificates. Assets/Liabilities and Revenues/Expenditures relating to the retirement of the special assessment bonds payable will be accounted for in a Debt Service Fund.

## NOTE 1 - AD VALOREM TAXES AND MAINTENANCE MELLAGE ASSESSMENT

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, 1994, 10.8 mills were authorized and dedicated as follows:

Sewerage system maintenance and improvements	10.8 mills
--	------------

NOTE 1 - NO VALUATION TAXES AND MAINTENANCE MILLAGE ASSIGNMENT  
(CONTINUED)

On July 30, 1994, a proposition to levy a ten mills tax on all property subject to taxation in said Sewerage District No. 2 passed. The tax levy will be for a period of ten years beginning with the year 1994, ending with the year 2003, for the purpose of constructing, maintaining, improving, and operating the sewers and sewer disposal works for the District.

NOTE 2 - INTERGOVERNMENTAL ASSIGNMENT - CONTINUING

The St. Mary Parish Council requested that Sewerage District No. 2 develop a funding mechanism to assist in the payment of the balance owed on the \$3,850,000 of public improvement bonds which were sold in 1993 for the purpose of financing the unincorporated areas portion of the construction and acquisition of sewerage facilities in Maps 5 and 6. These bonds had been refinanced from time to time and are the legal obligation of the Council. This request was made due to short falls in the original plan to fund the bond issues.

On July 30, 1994, Sewerage District No. 2 entered into an intergovernmental agreement in conjunction with Sewerage District No. 6 and the St. Mary Parish Council, whereby the sewerage districts will be obligated to pay the remaining balance of the bond issue, \$4,539,014.75 which includes principle and interest. The balance due will be allocated \$3,413,607.66 to Sewerage District No. 2 and \$1,107,350.43 to Sewerage District No. 6. The sewerage districts will each receive for the calendar years through December 31, 2004 their respective percentage of the 3/4% sales tax applicable to the sewer area that presently is collected by the Parish Council and used to fund the debt service on the sewerage bonds. The sewerage districts covenant that they shall adjust millages and/or user fees as they deem necessary and appropriate for the retirement of the said bonds in accordance with the bond payment schedules. The District is accounting for the 3/4% sales tax received, transfers from the enterprise fund, and payments made to the St. Mary Parish Council for bond payments in a special revenue fund.

The St. Mary Parish Council is the owner of an undivided 45.24% of the regional sewer facilities pursuant to the Local Services Agreement executed May 1989. In consideration of the foregoing, the St. Mary Parish Council does bargain, sell, transfer, assign and set over unto the sewerage districts all rights, title and interest of the St. Mary Parish Council in and to that portion of the regional sewerage treatment facilities. The parish interest in the facilities will be attributed 75.5% to Sewerage District No. 2 and 24.5% to Sewerage District No. 6 upon fulfillment of all bond payment obligations.

WORK J - CONTINGENCIES AND UNCERTAINTIES (Continued)

The required transfers to the St. Mary Parish Council to fund the bond principle and interest payments now attributable to Sewerage District No. 2 is as follows:

Payment Date	Principle	Interest Due	Total Annual Debt Service
June 1, 1996	\$ --	\$ 61,468.40	
December 1, 1996	240,885.51	61,468.40	\$ 302,353.91
June 1, 1997	--	61,137.88	
December 1, 1997	256,885.86	61,137.88	318,023.74
June 1, 1998	--	61,998.63	
December 1, 1998	273,738.87	61,998.63	335,737.50
June 1, 1999	--	62,260.21	
December 1, 1999	288,673.86	62,260.21	350,934.07
June 1, 2000	--	62,799.56	
December 1, 2000	297,828.34	62,799.56	360,627.90
June 1, 2001	--	62,945.62	
December 1, 2001	313,152.88	62,945.62	376,098.50
June 1, 2002	--	63,508.25	
December 1, 2002	328,483.63	63,508.25	391,991.88
June 1, 2003	--	63,542.57	
December 1, 2003	343,819.76	63,542.57	407,362.33
June 1, 2004	--	63,633.28	
December 1, 2004	361,328.79	63,633.28	424,962.07
Total Required Transfers	\$2,708,498.86	\$107,359.02	\$2,815,857.88
Less amounts paid	--	182,858.40	182,858.40
Total Remaining Transfers	\$2,708,498.86	\$107,888.82	\$2,816,387.68

Sewerage District No. 2 anticipates approximately \$188,000 annually to be collected as its portion of the 1/48 sales tax for funding the required transfers for debt service. The remaining shortfall of approximately \$218,000 annually will be funded by additional revenues from a rate increase to the sewerage customers and an increase in the property tax millage on the assessed property within the District.

The District has made the following operating transfers to the special revenue fund to provide funds for payment to the St. Mary Parish Council in accordance with the Intergovernmental agreement:

Year ending September 30, 1996	\$28,000
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As of September 30, 1996, the St. Mary Parish Council has made all required bond obligation payments on the public improvement bonds aforementioned.

## SUPPLEMENTARY INFORMATION SECTION



SCHEDULE 1

SEWERAGE DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA

Combined Schedule of Investments

September 30, 1956

	Maturity	Rate	Cost (Including Accrued Interest)
ENTERPRISE FUND			
Certificates of Deposit:			
Florida Savings Bank Morgan City, Louisiana	7-21-57	5.18%	\$ 88,150
Morgan City Bank and Trust Morgan City, Louisiana	1-20-57	4.00%	99,496
Meritrust Federal Savings Bank Morgan City, Louisiana	8-12-57	5.86%	180,763
Guaranty Bank and Trust Morgan City, Louisiana	2-1-57	4.25%	151,622
TOTAL SEWERAGE SYSTEM			\$319,029

SEMPACK DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA

Payments for Board of Commissioners Meetings

For the year ended September 30, 1996

<u>Board Members</u>	<u>Term Expires</u>	<u>Number of Meetings Attended</u>	<u>Total Amount Received</u>
Herbert Adams, Chairman	4-1-2001	11	\$ 600
John Reed, Commissioner	6-1-1997	12	720
Don Ryan, Commissioner	5-1-1998	12	720
Don McCreary, Commissioner	7-22-1999	10	600
Donny Legendre, Commissioner	1-22-2002	13	<u>780</u>
	Total		\$3,420

SEWERAGE DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA

Insurance in Force

September 30, 1996

(Unaudited)

<u>Insurer</u>	<u>Kind of Insurance</u>	<u>Property Covered</u>	<u>Amount of Insurance</u>	<u>Expiration Date</u>
Metrop Ins. Co.	Public Entity General Liability and Auto Liability	Damages	\$2,000,000	7-2-97
Western Surety Co.	Public Employee Bond	Billy Rayon	\$10,000	7-31-97

SENECAH DISTRICT NO. 2  
OF THE  
PARISH OF ST. MARY  
STATE OF LOUISIANA

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

PERIOD ENDING SEPTEMBER 30, 1990 AND 1991

**LEBLANC AND CARPENTER**  
a CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1047  
Metairie City, Louisiana 70001

Phone (504) 885-4300  
Fax (504) 885-4300

www.leblancandcarpenter.com  
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Society of Louisiana  
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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**

To the Board of Commissioners  
Sewerage District No. 2  
Parish of St. Mary  
Bayou Vista, Louisiana

We have audited the general purpose financial statements of the Sewerage District No. 2, a component unit of the Parish of St. Mary, State of Louisiana for the years ended September 30, 1998 and 1999, and have issued our report thereon dated January 18, 1999.

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.

The management of Sewerage District No. 2 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 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. 2 for the years ended September 30, 1998 and 1999, 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 certain matters involving the internal control structure and its operation that we consider to be reportable conditions 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 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 financial statements.

Our examination disclosed that there is very little segregation of duties within the District's accounting function, particularly in the areas of cash receipts, bank reconciliations, cash disbursements, general ledger and journal entries. This weakness is due to the fact that the District employs only one person in the bookkeeping function. Due to the lack of segregation of duties, possible errors or irregularities could occur in the accounting records and not be detected. Understandably, due to the limited number of accounting personnel, the most ideal system of internal control or the most desirable accounting system may not be practicable. Also, the cost of additional employees might exceed any benefits gained. The management of the District is well aware of the loss of internal control that results with their limited staff and are constantly on watch for any problems that would arise.

A material weakness is a reportable 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the use of management and the St. Mary Parish Council and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the St. Mary Parish Council is a matter of public record.

*LeBlanc and Carpenter*

January 10, 1997  
Morgan City, Louisiana

SEWERAGE DISTRICT NO. 2  
OF THE  
PARISH OF ST. BERCY  
STATE OF LOUISIANA

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

PERIODS ENDED SEPTEMBER 30, 1994 AND 1995

**LESLANE AND CARPENTER**

**A CORPORATION INCORPORATED IN THE STATE OF MISSISSIPPI**

**INCORPORATED IN THE STATE OF MISSISSIPPI**

**MISSISSIPPI CITY, MISSISSIPPI 39201**

**PHONE (601) 364-1000**

**FAX (601) 364-1000**

**FOOT CONTROLLER LESLANE, CPA  
TAMMATH CARPENTER, CPA**

**MISSISSIPPI  
AND MISSISSIPPI STATE OF  
THE STATE OF MISSISSIPPI**

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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**

**Board of Commissioners  
Sewerage District No. 2  
Parish of St. Mary  
Bayou Vista, Louisiana**

We have audited the general purpose financial statements of the Sewerage District No. 2, a component unit of the Parish of St. Mary, State of Louisiana as of and for the years ended September 30, 1996 and 1995, and have issued our report thereon dated January 30, 1997.

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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Sewerage District No. 2 is the responsibility of Sewerage District No. 2's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Sewerage District No. 2'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.

**OTHER AUDIT FINDINGS**

None.



This report is intended solely for the use of management and the St. Mary Parish Council. However, this report is a matter of public record and its distribution is not limited.

*LeBlanc and Carpenter*

January 30, 1997  
Morgan City, Louisiana