

**SEWERLAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

Notes to Financial Statements

General Fixed Assets Account Group

The general fixed assets account group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

General Long-Term Debt Account Group

The general long-term debt account group is used to account for long-term liabilities to be financed from government funds.

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 and agency funds. Under the modified accrual basis of accounting, revenues are recognized when measurable and available (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The district uses the following practices in recording certain revenues and expenditures:

Revenues

Intergovernmental revenues are recorded when approved for payment by the payer governing body.

Sewer user fees are recorded in the month the charges are due and payable.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

Sewerage District No. 7 of the Parish of St. Mary,
State of Louisiana
Government Auditing Standards Report on Internal Control

In planning and performing our audit of the financial statements of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana for the year ended September 30, 1990, 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 financial statements and do not provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable 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 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 board of supervisors, the Legislative Auditor and the St. Mary Parish Council. However, this report is a matter of public record and its distribution is not limited.

Richard J. Ambrose, CPA

January 7, 1997

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**Independent Auditor's Report on Compliance
Based on an Audit of Financial Statements Performed
In Accordance With Government Auditing Standards**

Members of the Board of Supervisors
Sewerage District No. 7 of the Parish of St. Mary,
State of Louisiana
Franklin, Louisiana

We have audited the financial statements of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana as of and for the year ended September 30, 1986, and have issued our report thereon dated January 7, 1987.

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.

Compliance with laws, regulations and contracts applicable to Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana is the responsibility of the board of supervisors of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations and contracts. However, the objective of our audit of the 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 test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board of supervisors, the Legislative Auditor and the St. Mary Parish Council. However, this report is a matter of public record and its distribution is not limited.

Robert Dunaway & Timbourack CPAs

January 7, 1987

FINANCIAL STATEMENTS

Sewerage District No. 7 of the Parish of St. Mary,
State of Louisiana
Independent Auditor's Report (Continued)

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

William J. Theobaldson

January 7, 1989

**SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

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**Independent Auditor's Report on Internal Control
Structure Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards**

Members of the board of supervisors
Sewerage District No. 7 of the Parish of St. Mary,
State of Louisiana
Franklin, Louisiana

We have audited the financial statements of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana for the year ended September 30, 1998, and have issued our report thereon dated January 7, 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 board of supervisors of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by the board of supervisors 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 the board of supervisors 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 the Board of Supervisor'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 the changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by GOVERNMENT Auditing Standards, issued by the Comptroller General of the United States.

SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Schedule of Compensation Paid to Board Members
For the Year Ended September 30, 1988

The schedule of compensation paid to the board of supervisors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Vincent Ashley, President	\$ 600
Harbert Bell	100
Tommy Decote	500
Beverly Epps	500
Clark Lee	500
Stan Pipes	500
	<u>2,700</u>

Subject to Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 1996 were as follows:

	Interfund Receivable	Interfund Payable
Capital Project Fund	\$ 12,838	\$ 12,059
Agency Fund	<u>\$ 12,838</u>	<u>\$ 12,059</u>

**SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

Combined Balance Sheet
All Fund Types and Account Groups
September 30, 1998

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Capital Project Fund</u>
ASSETS AND OTHER DEBITS		
Cash	\$ 48,487	\$ 20
Receivables	4,505	
Due from Other Funds		
Sewerage System Facility		
Amount to be Provided for Payment of Other Long Term Obligations	_____	_____
Total Assets and other Debits	<u>\$ 52,992</u>	<u>20</u>
 LIABILITIES, FUND EQUITY (DEFICIT), AND OTHER CREDITS		
LIABILITIES		
Accounts Payable	18,813	2,372
Due to Other Funds		12,839
Due to Holders of Special Assessment Notes		
Special Assessment Debt Payable		
Total Liabilities	<u>18,813</u>	<u>14,211</u>
 FUND EQUITY (DEFICIT) AND OTHER CREDITS		
Investment in General Fund Assets		
Fund Balances		
Unreserved and Undesignated	51,049	(14,308)
Total Fund Equity (Deficit) and Other Credits	<u>51,049</u>	<u>(14,308)</u>
Total Liabilities, Fund Equity (Deficit), And Other Credits	<u>\$ 69,862</u>	<u>\$ 20</u>

The accompanying notes to financial statements are an integral part of this statement.

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INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors
Sewerage District No. 7 of the Parish of St. Mary,
State of Louisiana
Franklin, Louisiana

We have audited the accompanying financial statements of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana, a component unit of the Parish of St. Mary, State of Louisiana as of and for the year ended September 30, 1988, as listed in the table of contents. These financial statements are the responsibility of the board of supervisors of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana. 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 the board of supervisors, 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 financial statements referred to above present fairly, in all material respects, the financial position of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana, as of September 30, 1988, and the results of 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 January 7, 1987 on our consideration of the internal control structure of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana, and a report dated January 7, 1987 on its compliance with laws and regulations.

**SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

Notes to Financial Statements

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 covered 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 bond that is mutually acceptable to both parties. At September 30, 1990, the district has \$70,000 in deposits (bank balances). These deposits are entirely secured from risk by federal deposit insurance.

NOTE 3 - RECEIVABLES

The following is a summary of receivables at September 30, 1990:

Sewer User Fees	\$ 4,500
Special Assessment	<u>64,300</u>
Total	<u>\$ 68,800</u>

NOTE 4 - GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets including sewerage systems are capitalized along with other general fixed assets. A summary of changes in general fixed assets follows:

	Balance 10/01/89	Additions	Deductions	Balance 9/30/90
Sewerage System	\$1,991,162			\$1,991,162
Improvements Other Than Buildings	7,448			7,448
Construction in Progress	<u>64,302</u>	<u>18,566</u>		<u>82,868</u>
Total	<u>\$2,062,912</u>	<u>\$ 18,566</u>	<u> -</u>	<u>\$2,081,478</u>

Construction in progress of \$75,468 consists of pre-construction engineering fees on a proposed sewerage expansion project financed through intergovernmental revenues.

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**SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

Financial Report

For the Year Ended September 30, 1908

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the auditor, or controller, and to all other responsible public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **APR 26 1957**

**SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana was created under the provision of Louisiana Revised Statutes 13:1221 by Ordinance No. 328 issued by the St. Mary Parish Police Jury on August 8, 1984. The District, which is governed by a Board of supervisors appointed by the St. Mary Parish Council, is authorized to construct and maintain sewer and sewer disposal works within the territorial limits of the District.

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

The more significant of the District's accounting policies are described below.

Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- Appointing a voting majority of an organization's governing body, and
 - The ability of the parish council to impose its will on that organization and/or
 - The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council.

Fiduciary Fund Type Agency Fund	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long Term Debt	
\$ 6,220	\$	\$	\$ 71,738
84,503			98,698
12,828			12,039
	2,074,070		2,074,078
		12,828	12,828
<u>112,328</u>	<u>2,074,078</u>	<u>12,828</u>	<u>2,268,302</u>
			10,324
112,370			22,828
			122,370
<u>112,370</u>	<u>-</u>	<u>12,039</u>	<u>22,828</u>
		<u>12,039</u>	<u>138,722</u>
	2,074,070		2,074,078
			38,628
	2,074,078		2,112,706
\$ <u>112,328</u>	\$ <u>2,074,078</u>	\$ <u>22,828</u>	\$ <u>2,268,302</u>

**SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types
For the Year Ended September 30, 1994

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total (Memorandum Only)</u>
REVENUES			
Local Sources			
Intragovernmental	\$	\$ 16,194	\$ 16,194
House User Fees	59,423		59,423
Total Revenues	59,423	16,194	308,817
EXPENDITURES			
Current			
General Government	14,858	1,372	16,230
Repairs and Maintenance	66,890		66,890
Professional Fees	9,333	27,194	26,167
Utilities	9,228		6,778
Total Expenditures	89,289	18,566	123,855
Excess of Revenues over (Under) Expenditures	(29,866)	(2,372)	(2,348)
FUND BALANCE, Beginning	58,016	118,018	87,500
FUND BALANCE (DEFICIT), Ending	\$ 28,150	\$ 115,646	\$ 38,652

The accompanying notes to financial statements are an integral part of this statement.

**SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended September 30, 1968

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local Sources			
Water User Fees	\$ 85,000	\$ 86,423	\$ 1,423
EXPENDITURES			
Current			
General Government	15,000	14,400	600
Repairs and Maintenance	75,300	66,880	8,420
Professional Fees	6,775	8,822	(2,047)
Utilities	7,200	8,728	(1,528)
Total Expenditures	<u>104,275</u>	<u>98,830</u>	<u>5,445</u>
Excess of Revenues Over (Under) Expenditures	(19,275)	(2,407)	8,479
FUND BALANCE, Beginning	58,818	50,818	-
FUND BALANCE, Ending	\$ <u>39,543</u>	\$ <u>48,411</u>	\$ <u>8,868</u>

The accompanying notes to financial statements are an integral part of this statement.

**SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

Notes to Financial Statements

- Organizations for which the parish council does not appoint a voting majority but are fiscally dependent on the parish council.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish council appoints the governing body and has the ability to significantly impose its will, the district is a component unit of the St. Mary Parish council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the council, the general government activities provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

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. 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.

Funds of the district are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types".

The following funds and accounts are used by the District:

Governmental Funds

General Fund: The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Fund: The capital project fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

Fiduciary Funds

Agency Funds: Agency funds are used to account for assets held by the District on an agent for other funds and/or other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

NOTES to Financial Statements

Budgetary Practices

The district prepares and adopts a budget in accordance with LSA-RS 38:1381 et seq. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by that fund.

The district does not adopt a budget for the Capital Projects Fund.

Neither separate accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Cash

Cash includes amounts in demand deposits and interest bearing demand deposits.

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

Capitalized Interest

The district capitalizes interest costs and interest earned as part of the cost of constructing various sewerage projects when material. The district capitalized no interest for the year ended September 30, 1996.

Total Columns on Statement

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

NOTE 2 - CASH

At September 30, 1996, the district has cash (book balances) totaling \$71,738, as follows:

Demand deposits	\$ 65,330
Interest bearing demand deposits	6,408
Total	<u>\$ 71,738</u>