

SEWERAGE DISTRICT NO. 10 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 1994

5. LEASES

The Sewerage District had no material capital or operating leases at September 30, 1994.

6. LITIGATION

There is no litigation pending against the Sewerage District at September 30, 1994.

SENEGAL DISTRICT NO. 10 OF THE
PARISH OF ST. MARTIN, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1996

2. CASH AND CASH EQUIVALENTS

At September 30, 1996, the District had cash and cash equivalents (book balances) totaling \$62,811 as follows:

Demand deposits	\$56,596
Interest-bearing demand deposits	6,215
Total	\$62,811

These deposits are stated at cost, which approximates market. Under state law, these deposits 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. 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. At September 30, 1996, the District had \$62,596 in deposits (collected bank balances). These deposits are secured from risk by \$62,596 of federal deposit insurance.

3. RECEIVABLES

The District had accounts receivable in the amount of \$16,643 at September 30, 1996, which consisted solely of sewer fees billed but not received as of this date. The District's write-off policy is to set up an allowance for uncollectibles for any account more than 90 days past due, this consisted of \$5,526 at September 30, 1996.

4. FIXED ASSETS

A summary of fixed assets at September 30, 1996, follows:

	Balance 08-30-95	Additions	Balance 08-30-96	Accumulated Depreciation	Net
Land	\$ 80,137	\$ ---	\$ 80,137	\$ -	\$ 80,137
Sewerage System					
Facility	3,333,378	---	3,333,378	153,221	1,856,857
Equipment	2,388	383	2,971	815	2,156
Vehicle	4,512	---	4,512	1,983	2,529
Total	\$2,388,512	\$ 383	\$2,388,995	\$ 155,917	\$2,233,388

Depreciation expense related to the utilization of fixed assets for the years ending September 30, 1996 and 1995 was \$64,675 and \$64,675 respectively.

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CONRAGE DISTRICT NO. 10 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA
FINANCIAL STATEMENTS
FOR THE 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 auditor, 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 APR 02 1997

SEWERAGE DISTRICT NO. 10 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

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CURNEY & CHALMERS
CERTIFIED PUBLIC ACCOUNTANTS
A FORTY-THREE YEAR OLD FIRM
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Sewerage District No. 18 of the
Parish of St. Mary, State of Louisiana
Jennette, Louisiana 70544

We have audited the accompanying general purpose financial statements of the Sewerage District No. 18, a component unit of the St. Mary Parish Council, State of Louisiana, as of September 30, 1996, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Sewerage District No. 18 of the Parish of St. Mary, State of Louisiana as of September 30, 1996, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

Curney & Chalmers
Certified Public Accountants

Franklin, Louisiana
January 10, 1997

SEWERAGE DISTRICT NO. 10 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

PROPRIETARY FUND - INTERFUND FUND
BALANCE SHEETS

SEPTEMBER 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash	\$ 62,811	\$ 61,629
Accounts Receivable - Sewerage Fees (Net of allowance \$5,536 and \$0)	26,642	18,918
Fidelity Insurance	1,393	1,367
Due from St. Mary Parish Water District No. 7	3,965	4,413
Sewer Property, Plant and Equipment	2,288,985	2,288,523
Accumulated Depreciation	<u>(159,321)</u>	<u>(91,262)</u>
TOTAL ASSETS	<u>\$2,117,753</u>	<u>\$2,262,583</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Accounts Payable	\$ 6,411	\$ 3,334
Accrued Payroll and Payroll Taxes	1,648	1,223
Due to St. Mary Parish Water District No. 7	<u>400</u>	<u>400</u>
Total Current Liabilities	<u>8,459</u>	<u>4,957</u>
Fund Equity:		
Consolidated Capital	2,201,415	2,201,415
Retained Earnings - Unreserved	<u>(98,121)</u>	<u>(43,789)</u>
Total Fund Equity	<u>2,103,294</u>	<u>2,157,626</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$2,117,753</u>	<u>\$2,262,583</u>

Subject to the comments contained in the Independent Auditors' report and notes to financial statements which are an integral part hereof

GENERAL DISTRICT NO. 10 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

PROPRIETARY FUND - ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS

FOR THE YEARS ENDED SEPTEMBER 30, 1994 AND 1995

	<u>1994</u>	<u>1995</u>
OPERATING REVENUES		
Charges for Sewer Services	\$ 68,378	\$ 52,522
Licenses and Permits	-	10
Interest Income	142	301
Miscellaneous Income	<u> </u>	<u>320</u>
TOTAL OPERATING REVENUES	<u>68,520</u>	<u>53,153</u>
OPERATING EXPENSES		
Accounting Fees	5,400	5,400
Bad Debt	5,528	-
Chemicals	1,095	354
Commissioner's Fees	3,308	3,300
Depreciation	64,075	64,075
Insurance Expense	5,453	5,860
Miscellaneous	273	325
Office Expense	1,999	1,487
Permits & Fees	3,459	1,349
Repairs and Maintenance	22,256	17,373
Taxes - Payroll	1,153	1,183
Utilities	13,736	11,282
Wages	<u>15,708</u>	<u>14,201</u>
TOTAL OPERATING EXPENSES	<u>182,088</u>	<u>138,588</u>
OPERATING INCOME (LOSS)	(93,524)	(76,926)
NON-OPERATING REVENUES		
Grant - St. Mary Parish Council	<u>28,000</u>	<u>28,000</u>
NET INCOME (LOSS)	(65,524)	(48,926)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>(1,788)</u>	<u>48,122</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	<u>\$ (23,312)</u>	<u>\$ (1,788)</u>

Subject to the comments contained in the Independent Auditors' report and notes to financial statements which are an integral part hereof

SEWERAGE DISTRICT NO. 10 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

PROPRIETARY FUND - ENTERPRISE FUND
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 1996 and 1995

	1996	1995
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 191,324	\$ 176,926
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	64,879	64,879
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	2,276	15,350
(Increase) Decrease in Prepaid Insurance	1	34
(Increase) Decrease in Due from Water District No. 7	448	(102)
Increase (Decrease) in Accounts Payable	1,277	1,081
Increase (Decrease) in Accrued Payroll and Payroll Taxes	421	756
Increase (Decrease) in Due to Water District No. 7	-	-
Net Cash (Used) by Operating Activities	<u>122,426</u>	<u>148,221</u>
Cash Flows from Noncapital Financing Activities:		
Receipt of Grants	<u>25,000</u>	<u>25,000</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Fixed Assets	<u>(381)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	1,191	8,779
Cash and Cash Equivalents at Beginning of Year	<u>60,620</u>	<u>51,841</u>
Cash and Cash Equivalents at End of Year	<u>\$ 61,811</u>	<u>\$ 60,620</u>

Subject to the comments contained in the Independent Auditors' report and notes to financial statements which are an integral part hereof

SEWERAGE DISTRICT NO. 10 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

INTRODUCTION:

Sewerage District No. 10 of the Parish of St. Mary, State of Louisiana, was created by Ordinance No. 818 of the St. Mary Parish Police Jury on September 12, 1988, for the purpose of establishing, acquiring, constructing, maintaining and operating a sewerage system for the benefit of the people of the District. The District is governed by a board of five supervisors, who are appointed by the St. Mary Parish Council.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the St. Mary Parish Sewerage 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.

B. 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 (parish council), (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:

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

**Independent Auditors' Reports Required
by Government Auditing Standards**

The following independent auditor's reports on compliance and internal control are presented in compliance with the requirements of Government Auditing Standards (Standards for Audit of Government Organizations, Programs, Activities, and Functions), issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

SEWERAGE DISTRICT NO. 10 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1998

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. 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.

F. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond September 30, 1998, are recorded as prepaid items. The balance of \$1,351 is attributable to insurance.

G. FIXED ASSETS

All fixed assets are included on the balance sheet. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations are charged as an expense against operations; and accumulated depreciation is reported on the balance sheet. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets. The estimated useful lives are as follows:

Sewerage System Facility	33
Equipment	7
Vehicles	5

H. FUND EQUITY

Contributed Capital

Contributed capital at September 30, 1998, consisted of \$3,201,415, which was the amount that the St. Mary Parish Community Development Block Grant Program had paid to construct the sewerage system. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

I. BUDGETS

The district is not required to adopt and did not adopt a budget for the year ended September 30, 1998.

SENECA DISTRICT NO. 18 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No 58 of the 1978 Session of the Louisiana Legislature.

NAME	NUMBER	AMOUNT
Raphael Rodriguez, III.	12	\$ 720
Mildred Edwards	11	660
Peggy Decomb	13	660
Cleveland Frewest	09	540
William Stacey	12	720
Total		\$2,300

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**Independent Auditors' Report on Internal Control Structure
Based on a Audit of General Purpose Financial Statements Performed
in Accordance with Government Auditing Standards**

Board of Commissioners
Sewerage District No. 10 of the
Parish of St. Mary, State of Louisiana
Monroe, Louisiana 70001

We have audited the general purpose financial statements of the Sewerage District No. 10 of the Parish of St. Mary, State of Louisiana, as of and for the year ended September 30, 1996, and have issued our report thereon dated January 10, 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.

The management of the Sewerage District No. 10 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 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 policy and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Sewerage District No. 10 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 its 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 component unit 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 general purpose financial statements.

Reportable Conditions

Segregation of Duties

Several attempts have been made to segregate duties in the area of cash receipts, cash disbursements, bookkeeping, and monthly financial report preparation. These efforts have been successful, but the District should understand that all pertinent accounting functions have not been segregated. The limited number of personnel of the District and its outside accounting services currently prevents correction of this weakness.

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 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 noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Parish District No. 10 of the Parish of St. Mary, State of Louisiana, for the year ended September 30, 1986.

Material Weakness

We consider the above reportable condition concerning segregation of duties to be a material weakness.

This report is intended for the use of management of the District, the Legislative Auditor of the State of Louisiana, and the management of St. Mary Parish. However, this report is a matter of public record and its distribution is not limited.

Anthony J. Christian

Certified Public Accountants

202 - 486-8277
225 - 383-4222

**Independent Auditors' Report on Compliance
based on an Audit of the General Purpose Financial
Statements Performed in Accordance with Government Auditing Standards**

Board of Commissioners
Sovereign District No. 10 of the
Parish of St. Mary, State of Louisiana
Jennettite, Louisiana 70344

We have audited the general purpose financial statements of the Sovereign District No. 10 of the Parish of St. Mary, State of Louisiana, a component unit of St. Mary Parish, as of and for the year ended September 30, 1996, and have issued our report thereon dated January 10, 1997.

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 Sovereign District No. 10 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 financial statements are free of material misstatement, we performed tests of District's compliance with certain provisions of laws, regulations and contracts. However, the objective was of our audit 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 use of management of the District, the Legislative Auditor of the State of Louisiana, and the management of St. Mary Parish. However, this report is a matter of public record and its distribution is not limited.

Gudry & Chalvin
Certified Public Accountants

Franklin, Louisiana
January 10, 1997

SEWERAGE DISTRICT NO. 18 OF THE
PARISH OF ST. MARY, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1994

2. Organizations for which the parish council does not appoint a voting majority but are fiscally dependent on the parish council.
3. 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 is able to appoint the district's board, impose its will on the district, and because of the potential for the district to provide specific financial benefits to or impose specific burdens on the parish council, the district was determined to be a component unit of the St. Mary Parish Council, the financial reporting entity.

C. FUND ACCOUNTING

The St. Mary Parish Sewerage District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost incurrences, including depreciation of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

Charges for sewer services are recorded when billed to the customer. Licenses and permits are recorded when received. Interest income is recorded when earned. Parish Grants are recorded as nonoperating revenues in the period in which they are both measurable and earned.

Expenses

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