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

Franklin, Louisiana

For the Year Ended September 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewer, 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 6-15-98

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Sovereign District No. 7 of the Parish of St. Mary
Franklin, Louisiana

We have audited the accompanying financial statements of Sovereign 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, 2021, as listed in the table of contents. These financial statements are the responsibility of the board of supervisors of Sovereign 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. These 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 assessing 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 Sovereign District No. 7 of the Parish of St. Mary, State of Louisiana, as of September 30, 2021, 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 March 18, 2024 on our consideration of the District's compliance with laws and regulations and on its internal control over financial reporting.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Metairie, Louisiana
March 23, 2024

Member of
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SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. BERNARD
Franklin, Louisiana

Combined Balance Sheet
All Fund Types and Account Groups
September 30, 1997

| | Governmental fund types | | Fiduciary |
|---|-------------------------|---------------------|-----------------------------|
| | General | Capital Projects | Fund Type Agency Fund |
| ASSETS AND OTHER DEBITS | | | |
| Assets: | | | |
| Cash | \$18,373 | \$12,334 | \$ 8,844 |
| Receivables | 4,872 | - | 120,399 |
| Due from other funds | - | - | 22,800 |
| sewerage system facility | - | - | - |
| Amount to be provided for payment of other long term obligations | - | - | - |
| Total assets and other debits | \$18,945 | \$12,334 | \$150,844 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | |
| Liabilities: | | | |
| Due to other funds | - | 22,800 | - |
| Due to holders of special assessment notes | - | - | 189,694 |
| Special assessment debt payable | - | - | - |
| Total liabilities | - | 22,800 | 189,694 |
| Equity and other credits: | | | |
| Investment in general fixed assets | - | - | - |
| Fund balance - | | | |
| Unreserved and undesignated | 18,945 | 285 | - |
| Total fund equity and other credits | 18,945 | 285 | - |
| Total liabilities, equity and other credits | \$18,945 | \$12,334 | \$150,844 |

| <u>Account Groups</u> | | |
|-----------------------|------------------|---------------------|
| <u>General</u> | <u>General</u> | <u>Total</u> |
| <u>Fund Balances</u> | <u>Long Term</u> | <u>Debt/Reserve</u> |
| | <u>Debt</u> | |
| \$ - | \$ - | \$ 53,399 |
| - | - | 199,591 |
| - | - | 12,038 |
| <u>2,428,888</u> | - | <u>2,612,468</u> |
| - | <u>12,038</u> | <u>12,038</u> |
| <u>22,428,888</u> | <u>212,819</u> | <u>22,641,707</u> |
| ***** | ***** | ***** |
| | | |
| \$ - | \$ - | \$ 12,038 |
| - | - | 209,484 |
| <u>-</u> | <u>12,038</u> | <u>12,038</u> |
| - | <u>12,038</u> | <u>222,522</u> |
| | | |
| <u>2,428,888</u> | - | <u>2,612,468</u> |
| - | - | <u>18,342</u> |
| <u>2,428,888</u> | - | <u>2,630,810</u> |
| | | |
| <u>22,428,888</u> | <u>212,819</u> | <u>22,641,702</u> |
| ***** | ***** | ***** |

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
Franklin, Louisiana

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
All Governmental Fund Types
Year Ended September 30, 1997

| | General Fund | Capital Project Fund | TOTAL (Memorandum Only) |
|--|-----------------|----------------------------|-------------------------------|
| Revenues: | | | |
| Local Sources - | | | |
| Intergovernmental | \$ - | \$ 200,000 | \$ 200,000 |
| Sewer user fees | <u>88,814</u> | <u>-</u> | <u>88,814</u> |
| Total revenues | <u>88,814</u> | <u>200,000</u> | <u>288,814</u> |
| Expenditures: | | | |
| Current - | | | |
| General government | 10,273 | - | 10,273 |
| Repairs and maintenance | 88,842 | - | 88,842 |
| Professional fees | 6,485 | - | 6,485 |
| Utilities | 8,810 | - | 8,810 |
| Capital outlay | <u>-</u> | <u>812,139</u> | <u>812,139</u> |
| Total expenditures | <u>104,410</u> | <u>812,139</u> | <u>916,549</u> |
| Excess of revenues over budget expenditures | (15,596) | (182,139) | (197,735) |
| Other financing sources: | | | |
| Proceeds from special assessments | <u>-</u> | <u>187,835</u> | <u>187,835</u> |
| Excess of revenues and other sources over budget expenditures | (15,596) | 14,696 | -909 |
| Fund balance, beginning | <u>28,840</u> | <u>(14,348)</u> | <u>14,492</u> |
| Fund balance (deficit), ending | \$ 13,244 | \$ -996 | \$ 12,248 |

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
Franklin, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund
Year Ended September 30, 1997

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------|---------------|---|
| Revenues: | | | |
| Local Sources - | | | |
| Sewer user fees | \$ 82,000 | \$ 84,314 | \$ 2,314 |
| Expenditures: | | | |
| Current | | | |
| General government | 18,400 | 20,273 | 1,873 |
| Repairs and maintenance | 76,100 | 60,540 | 15,560 |
| Professional fees | 6,775 | 6,488 | 287 |
| Utilities | 1,300 | 8,810 | 7,510 |
| TOTAL expenditures | <u>102,575</u> | <u>96,111</u> | <u>6,464</u> |
| Excess of revenues over (under) expenditures | (20,480) | 12,204 | 7,280 |
| Fund balance, beginning | <u>33,000</u> | <u>33,000</u> | <u>—</u> |
| Fund balance, ending | \$ 38,140 | \$ 38,140 | \$ 0.00 |

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY
Franklin, Louisiana

NOTES TO FINANCIAL STATEMENTS

Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana was created under the provision of Louisiana Revised Statutes 28:2882 by Ordinance No. 218 passed by the St. Mary Parish Police Jury on August 8, 1964. 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.

11) 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 criteria 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.

Organizations for which the parish council does not appoint a voting majority but are financially 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.

SEBRACH DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Financial Statements (Continued)

Because the parish council appoints the governing body and has the ability to significantly impose the 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 services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

A. 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:

B. 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.

C. Fiduciary Funds

Agency Funds:

Agency funds are used to account for assets held by the District as 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.

PARISH DISTRICT NO. 7 OF THE PARISH OF ST. MARY
Franklin, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. 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 external 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.

3. 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.

4. BAIS 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 equity funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the 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:

3. Revenues

Intragovernmental revenues are recorded when approved for payment by the paying governing body.

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

Substantially all other revenues are recorded when received.

SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. BASS
Franklin, Louisiana

Notes to Financial Statements (continued)

M. 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.

N. Fundary Budgets

The District prepares and adopts a budget in accordance with LA-SS 18:1201 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.

Higher reimbursement accounting for 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.

O. 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.

P. 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, 1987.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Franklin, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

6. Total Columns on Statements

The total columns on the statements are captioned accordingly 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. Important eliminations have not been made in the aggregation of this data.

12) Cash

As September 30, 1997, the district has cash (bank balances) totaling \$13,183, as follows:

| | |
|----------------------------------|--------------|
| Demand deposits | \$47,787 |
| Interest Bearing Demand Deposits | <u>3,396</u> |
| Total | \$51,183 |
| | ***** |

These deposits are stated at cost, which approximates market. Under state law, these deposits for the remaining 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. As September 30, 1997, the district has \$13,719 in deposits (bank balances). These deposits are entirely secured from risk by Federal Deposit Insurance.

13) Receivables

The following is a summary of receivables as September 30, 1997:

| | |
|--------------------|----------------|
| Water Plant Fees | \$ 4,570 |
| Special Assessment | <u>138,228</u> |
| Total | \$142,798 |
| | ***** |

**SEWERAGE DISTRICT NO. 7 OF THE PARISH OF ST. MARY,
Louisiana**

Notes to Financial Statements (Continued)

04) 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 <u>12/31/98</u> | Additions | Deductions | Balance <u>9/30/99</u> |
|-----------------------------|----------------------------|-------------------|-----------------|---------------------------|
| Sewerage System | \$1,890,182 | \$412,189 | \$ - | \$2,302,371 |
| Improvements Other | | | | |
| Thru Buildings | 7,448 | - | - | 7,448 |
| Construction in Progress | <u>13,468</u> | <u> </u> | <u>13,468</u> | <u> </u> |
| Total | <u>\$1,911,098</u> | <u>\$412,189</u> | <u>\$13,468</u> | <u>\$2,310,809</u> |

05) General Long-Term Debt

On June 4, 1990, the District passed Local or Special Assessment Ordinance No. 1 of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana which provided for the levying of local or special assessments on certain properties within the territorial limits of the District to pay the cost of the establishment, acquisition and construction of sewerage improvements and extensions.

On July 28, 1999 the District amended Ordinance No. 1 by passing Local or Special Assessment Ordinance No. 2 of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana. Ordinance No. 2 provided for reductions in front footage and the cancellation of certain assessments in consideration of waivers of way granted and services to be performed for the District. As a result, the District assumed \$10,810 of the assessments. For the year ended September 30, 1999, the District has not increased nor reduced its special assessment liability.

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

Notes to Financial Statements (Continued)

16) Special Assessments and Related Debt

On July 18, 1993, the District passed a resolution providing for the issuance, negotiation, sale and delivery of \$281,548 of Sewerage Certificates, Series 1993 which are secured and payable solely in principal and interest from the irrevocable pledge and dedication of the unpaid local or special assessments levied by Local or Special Assessment Ordinance No. 1 of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana, as amended by local and special assessment ordinance No. 2 of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana.

On November 26, 1994, the District passed a resolution providing for the issuance, negotiation, sale and delivery of \$28,276 of Sewerage Certificates, Series 1997 which are secured and payable solely in principal and interest from the irrevocable pledge and dedication of the unpaid local or special assessment levied by Local or Special Assessment Ordinance No. 1 of Sewerage District No. 7 of the Parish of St. Mary, State of Louisiana, for the year 1994.

Except as discussed in Note 5 the District is not obligated in any manner for the repayment of the Sewerage Certificates, Series 1993 or 1997 and acts only as an agent for the assessed property owners and certificate holders by collecting the assessments, remitting the collections to the certificate holder and initiating foreclosure proceedings.

17) Interfund Receivables and Payables

Interfund receivable and payable balances at September 30, 1997 were as follows:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|----------------------|---------------------------------|------------------------------|
| Capital Project Fund | \$ - | \$28,839 |
| Agency Fund | <u>28,839</u> | <u>-</u> |
| | \$28,839 | \$28,839 |
| | ***** | ***** |

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Financial Statements (Continued)

(B) COMPENSATION PAID TO BOARD MEMBERS

The schedule of compensation paid to the Board of supervisors is presented in compliance with House Concurrent Resolution No. 74 of the 1978 Session of the Louisiana Legislature.

| | |
|---------------------------|------------|
| Vincent Bailey, President | \$ 700 |
| Tommy Guozzi | 700 |
| Beverly Epps | 400 |
| Clark Lee | 400 |
| Stan Pipes | <u>400</u> |
| | \$3,200 |
| | ***** |

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Beverage District No. 7 of the Parish of St. Mary for the year ended September 30, 1997, and have issued our report thereon dated March 10, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Beverage District No. 7 of the Parish of St. Mary's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Beverage District No. 7 of the Parish of St. Mary's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all weaknesses in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Kolder, Champagne, Haven & Rainey, LLC
Certified Public Accountants

Morgan City, Louisiana
March 22, 1998