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**SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

Financial Statements

Year Ended September 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date FEB 23 2000

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Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors
Sewerage District No. 9
of the Parish of St. Mary,
State of Louisiana

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We have audited the accompanying general purpose financial statements of the Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's officials. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-compliant; and
- the additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

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Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana has omitted such disclosures. *We do not provide assurance that the District is or will be year 2000 ready, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business will be in year 2000 ready.*

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana, as of September 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 1999, on our consideration of the District's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Dannall, Sikes & Frederick
A Corporation of Certified Public Accountants

Morgan City, Louisiana
December 7, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Combined Balance Sheet - All Fund Types
September 30, 1999

	Governmental Fund Types		Proprietary Fund Type	Totals (Memorandum Only)
	General Fund	Capital Projects	Enterprise Fund	
ASSETS AND OTHER DEBITS				
Cash	\$ 18,124	\$ 2,072	\$ -	\$ 20,196
Interest-bearing deposits	46,000	-	-	46,000
Prepaid expenses	-	-	4,315	4,315
Due from other funds	-	-	66,196	66,196
Construction in progress	-	-	1,608,991	1,608,991
Total assets and other debits	<u>\$ 64,124</u>	<u>\$ 2,072</u>	<u>\$ 1,679,502</u>	<u>\$ 1,745,698</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 527	\$ 527
Due to other funds	<u>64,124</u>	<u>2,072</u>	<u>-</u>	<u>66,196</u>
Total liabilities	<u>64,124</u>	<u>2,072</u>	<u>527</u>	<u>66,723</u>
Fund equity:				
Retained earnings	-	-	1,678,975	1,678,975
Fund balance - Unreserved, undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>-</u>	<u>-</u>	<u>1,678,975</u>	<u>1,678,975</u>
Total liabilities and fund equity	<u>\$ 64,124</u>	<u>\$ 2,072</u>	<u>\$ 1,679,502</u>	<u>\$ 1,745,698</u>

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Combined Statements of Revenues, Expenditures, and Changes in Fund Balance -
All Governmental Fund Types
Year Ended September 30, 1999

	General	Capital Projects	Totals (Memorandum Only)
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Excess of revenues over expenditures	-	-	-
Other financing sources (uses): Operating transfers in (out)	-	-	-
Excess of revenues and other sources over expenditures and other uses	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Combined Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual -
All Governmental Fund Types
Year Ended September 30, 1999

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Excess of revenues over expenditures	-	-	-
Other financing sources (uses): Operating transfers in (out)	-	-	-
Excess of revenues and other sources over expenditures and other uses	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

Capital Projects		
Budget	Actual	Variance - Favorable (Unfavorable)
\$ -		
-----	-----	-----
-	-	-
-----	-----	-----
-	-	-
-----	-----	-----
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Retained Earnings -
Proprietary Fund Type
Year Ended September 30, 1999

Operating revenues	\$ <u> -</u>
Operating expenses:	
Advertising	774
Bank charges	27
Insurance	6,197
Maintenance expense	182
Meeting expense	2,499
Professional fees	11,736
Office supplies	589
Licenses and fees	1,144
Rent	1,144
Supplies	457
Utilities	<u>305</u>
Total operating expenses	<u>25,054</u>
Operating loss	(25,054)
Nonoperating revenues:	
Interest income	<u>2,998</u>
Net loss	(22,056)
Retained earnings, beginning	<u>1,701,031</u>
Retained earnings, ending	<u>\$ 1,678,975</u>

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Statement of Cash Flows -
Proprietary Fund Type
Year Ended September 30, 1999

Cash flows used by operating activities:	
Operating loss	\$ (25,054)
Adjustments to reconcile operating loss to net cash used by operating activities	
Decrease in prepaid expenses	19
Decrease in accounts payable	<u>(1,623)</u>
Net cash used by operating activities	<u>(26,658)</u>
Cash flows provided by capital and related financing activities:	
Transfers from other funds	<u>24,374</u>
Cash flows used by capital and related financing activities:	
Purchase of fixed assets	<u>(714)</u>
Cash flows from investing activities:	
Interest received	<u>2,998</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents, beginning	<u>-</u>
Cash and cash equivalents, ending	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sewerage District No. 9 of the Parish of St. Mary (District), which is a component unit of the St. Mary Parish Council, was created by an ordinance dated August 8, 1984 of the St. Mary Parish Council (formerly Police Jury). The District operates under a Board of Supervisors. The purpose of the District is to provide sewerage treatment services to citizens residing within Sewerage District No. 9.

The accounting and reporting policies of the Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the Louisiana Governmental Audit Guide and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the District's executive and legislative branches (the Board of Supervisors). Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

The District is a component unit of the Parish of St. Mary.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Funds -

General fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources of the District.

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital projects fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund -

Enterprise fund

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

C. 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. 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 transactions 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. Expenditures are recorded when the related fund liability is incurred.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting

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

1. The District Treasurer prepares a proposed budget and submits it to the Board of Supervisors no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenue exceeding amounts estimated require the approval of the Board of Supervisors.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Supervisors. Such amendments were not material in relation to the original appropriations.

E. Interest-Bearing Deposits

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

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Statement of Cash Flows

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

II. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds during the reporting period.

NOTE 2 COMPENSATION OF BOARD MEMBERS

Meetings expense paid to the Board of Supervisors for the year ended September 30, 1999, is as follows:

Toby Darden	\$ 539
Clifton Charpentier	588
Bobbie J. Wiley	294
Willie Scott	490
Anthony Darden	<u>588</u>
	<u>\$ 2,499</u>

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 1999, the District has cash and interest-bearing deposits (book balances) totaling \$66,196, as follows:

Demand deposits	\$ 20,196
Time deposits	<u>46,000</u>
Total	<u>\$ 66,196</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 1999, are secured as follows:

Bank balances	\$ <u>66,917</u>
Federal deposit insurance	100,000
Pledged securities (Category 2)	<u>171,519</u>
Total	<u>271,519</u>
Excess of federal deposit insurance and securities pledged	<u>\$ 204,602</u>

Pledged securities in Category 2 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent in the District's name.

NOTE 4 CHANGES IN FIXED ASSETS

The following is a summary of changes in proprietary fixed assets for the fiscal year:

	Balance October 1, 1998	Additions	Deletions	Balance September 30, 1999
Construction in Progress	<u>\$ 1,608,277</u>	<u>\$ 714</u>	<u>\$ -</u>	<u>\$ 1,608,991</u>

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 5 PENDING LITIGATION

The District is presently not involved in any litigation.

NOTE 6 INTERGOVERNMENTAL AGREEMENT

On March 1, 1995, the District entered into an agreement with the Sovereign Nation of the Chitimacha (Chitimacha Tribe of Louisiana) for the construction, operation and maintenance of sanitary sewerage collection and treatment facilities. The agreement shall be binding on the District and Tribe for a period of 40 years unless renewed upon mutual consent or terminated by agreement between the parties. The agreement provides for the designation of the components of the proposed sewerage works as joint-service components and non joint-service components. Non joint-service components service either the District or the Tribe, but not both parties. Joint-service components service both the District and the Tribe. The agreement provides that the District and the Tribe will each be responsible for the construction, maintenance and operation of the non joint-service components that service their customers only. The District is responsible for the construction, administration, operation and maintenance of the joint service components. The costs associated with the construction of the sewer treatment facility shall be shared equally by the District and the Tribe up to \$425,000 each. If actual construction costs exceed 10 percent of the projected cost to construct the facility, the parties shall have the right to renegotiate the cost sharing arrangements. The Tribe shall contribute a lump sum amount of \$35,000 as its share of costs related to the construction of other joint service components such as regional pump stations and regional force mains to be constructed under the agreement and that may be constructed in the future over an anticipated 20 year period. For the treatment facility and the other joint service components, ownership shall vest to the District and the Tribe in relation of their cost contribution in proportion to the total costs of the construction.

Subject to the direction of the Management Committee, made up of one representative from the District and one from the Tribe, the District shall be responsible for the proper physical operation and maintenance of all joint service components constructed under the agreement. The District shall determine, establish and institute an equitable system of user charges for the users of the facilities for the payment of the necessary costs of operation and maintenance of the joint service components. The Tribe shall, on a monthly basis, pay to the District their pro-rata share of the costs of operating and maintaining the joint service components. The pro-rata share of the costs shall be determined based on the proportionate burden placed on the facility by the sewer customers of each of the parties as indicated by flow measurements. The District shall pay all costs of operation and maintenance of the facility as they become due and payable and shall submit to the Tribe, monthly, following such payment, an itemized statement showing such costs.

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 6 INTERGOVERNMENTAL AGREEMENT (CONTINUED)

The District is required to maintain separate full and accurate financial records of the activities of the joint service components in accordance with accepted accounting standards and procedures. The District shall cause an annual audit to be conducted by an independent certified public accountant selected by the District as provided by Louisiana law, after consultation with the Management Committee. Upon completion, the auditor shall deliver the audit report to the District and the Tribe.

The joint service components will be capitalized in the same manner that the District would capitalize other fixed asset additions. Within the Enterprise Fund, the District will record the revenues and expenses of the joint-service components and the District's non joint-service components. Separate departments will be utilized to record the joint and non-joint expenses. Depreciation expense on joint-service assets will be recorded in the joint-service expenses department. Other expenses directly related to the operation and maintenance of the joint-service components will be recorded in the joint-service expenses department. Non joint-service expenses and other administrative expenses will be recorded in the non joint-service expense department. Funds contributed by the Tribe for construction of facilities will be recorded as non-operating revenues. Funds paid by the Tribe as payment for their pro-rata share of joint expenses will be recorded as operating revenues along with user charges of the District's customers.

NOTE 7 TERMINATION OF FUNDS

During the year ended September 30, 1999, the District determined that activities should be accounted for in a proprietary fund rather than governmental funds. Therefore, the District accounted for all revenues earned and expenses incurred during the year ended September 30, 1999 in the Enterprise Fund. No revenue and expenditure activity is reflected in the Statement of Revenues, Expenditures and Changes in Fund Balance (All Governmental Fund Types) and the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (All Governmental Fund Types). However, the remaining assets in the governmental fund types had not been transferred to the Enterprise Fund as of September 30, 1999. Thus, an interfund payable equal to the remaining assets has been established in each governmental fund type and a corresponding interfund receivable has been established in the Enterprise Fund.

**SUPPLEMENTAL
INFORMATION**

**INTERNAL CONTROL
AND
COMPLIANCE**



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

The Board of Supervisors
Sewerage District No. 9
of the Parish of St. Mary,
State of Louisiana

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We have audited the financial statements of Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana as of and for the year ended September 30, 1999, and have issued our report thereon dated November 20, 1999, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*. 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 Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana'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 were required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over

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financial reporting 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. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-1.

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 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 over financial reporting would not necessarily disclose all matters in the internal control 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 the reportable condition described as 99-1 is a material weakness.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than those specified parties.

Dannall, Sikes & Frederick
A Corporation of Certified Public Accountants

Morgan City, Louisiana
December 7, 1999

OTHER SUPPLEMENTARY INFORMATION

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Summary Schedule of Prior Year Findings
Year Ended September 30, 1999

98-1 Finding: Inadequate Segregation of Accounting Functions
Status: This finding is unresolved. See current year finding 99-1.

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended September 30, 1999

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report -- Financial Statements

A qualified opinion has been issued on the Sewerage District No. 9 of the Parish of St. Mary's financial statements as of and for the year ended September 30, 1999.

Reportable Condition -- Financial Reporting

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 99-1 in Part 2 and is considered a material weakness.

Material Noncompliance -- Financial Reporting

There were no material instances of noncompliance noted during the audit.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended September 30, 1999.

Part 2: Findings Relating to an Audit in Accordance with Governmental Auditing Standards

99-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the District did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost benefit of additional personnel it may not be feasible to achieve complete segregation of duties.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At September 30, 1999, the Sewerage District No. 9 of the Parish of St. Mary, State of Louisiana, did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

SEWERAGE DISTRICT NO. 9
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Management's Corrective Action Plan For Current Year Findings
Year Ended September 30, 1999

Response to Finding 99-1:

No response is considered necessary.