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ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5

COMPONENT UNIT FINANCIAL STATEMENTS

DECEMBER 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 26 2000

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
St. Tammany Parish Gravity Drainage District No. 5  
Covington, Louisiana

We have audited the accompanying component unit financial statements of the St. Tammany Parish Gravity Drainage District No. 5, as of December 31, 1999, and for the two years then ended, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. 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 St. Tammany Parish Gravity Drainage District No. 5 as of December 31, 1999, and the results of its operations for the two years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 18, 2000 on our considerations of St. Tammany Parish Gravity Drainage District No. 5's internal control structure and on its compliance with laws and regulations.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the St. Tammany Parish Gravity Drainage District No. 5 taken as a whole. The accompanying schedule of compensation paid to board members for the year ended December 31, 1999, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



April 18, 2000

**ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5  
COMBINED BALANCE SHEET-  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1999**

	Governmental Fund Types			Account Groups	Total Memorandum Only
	General	Debt Service	Capital Projects	General Long-Term Obligations	
<b><u>ASSETS AND OTHER DEBITS</u></b>					
Cash and cash equivalents	\$ 62,332	\$ 29,477	\$ 2,734,545	\$ -	\$ 2,826,354
Ad valorem taxes receivable	287,717	-	-	-	287,717
State revenue sharing receivable	-	6,917	-	-	6,917
Amount available in debt service fund	-	-	-	36,394	36,394
Amount to be provided for retirement of general obligation bonds	-	-	-	2,713,606	2,713,606
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$ 350,049</u></b>	<b><u>\$ 36,394</u></b>	<b><u>\$ 2,734,545</u></b>	<b><u>\$2,750,000</u></b>	<b><u>\$ 5,870,988</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities					
Deductions from ad valorem taxes	\$ 8,479	\$ -	\$ -	\$ -	\$ 8,479
Accounts and retainage payable	-	-	-	-	-
General obligation bonds	-	-	-	2,750,000	2,750,000
<b>Total Liabilities</b>	<b>8,479</b>	<b>-</b>	<b>-</b>	<b>2,750,000</b>	<b>2,758,479</b>
Fund equity					
Fund balance					
Reserved for construction of facilities	-	-	2,734,545	-	2,734,545
Reserved for debt service	-	36,394	-	-	36,394
Unreserved	341,570	-	-	-	341,570
<b>Total Fund Equity</b>	<b><u>341,570</u></b>	<b><u>36,394</u></b>	<b><u>2,734,545</u></b>	<b><u>-</u></b>	<b><u>3,112,509</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 350,049</u></b>	<b><u>\$ 36,394</u></b>	<b><u>\$ 2,734,545</u></b>	<b><u>\$2,750,000</u></b>	<b><u>\$ 5,870,988</u></b>

The accompanying notes are integral part of this statement.

**ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Total Memorandum Only
	General	Debt Service	Capital Projects	
<b>REVENUES</b>				
Ad valorem tax	\$ 287,717	\$ -	\$ -	\$ 287,717
State revenue sharing	-	10,276	-	10,276
St. Tammany Parish Police Jury	61,100	-	-	61,100
Interest	509	26,118	18,346	44,973
Total Revenues	349,326	36,394	18,346	404,066
<b>EXPENDITURES</b>				
General				
Compensation paid to board members	1,470	-	-	1,470
Printing and publications	2,497	-	-	2,497
Licenses and permits	883	-	-	883
Pension fund contribution	8,479	-	-	8,479
Election	2,601	-	-	2,601
Legal and professional	44,715	-	-	44,715
Office expenditures	1,632	-	-	1,632
Payroll taxes	162	-	-	162
Debt Service				
Principal	-	-	-	-
Interest and fiscal charge	-	-	-	-
Capital outlay	6,361	-	1,742	8,103
Total Expenditures	68,800	-	1,742	70,542
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	280,526	36,394	16,604	333,524
<b>OTHER FINANCING SOURCES &amp; USES</b>				
Proceeds from issuance of long-term obligations				
	-	-	2,750,000	2,750,000
Transfers from other funds	32,059	-	(32,059)	-
Total Other Financing Sources & Uses	32,059	-	2,717,941	2,750,000
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	312,585	36,394	2,734,545	3,083,524
<b>FUND BALANCE-BEGINNING OF YEAR</b>	28,985	-	-	28,985
<b>FUND BALANCE-END OF YEAR</b>	<u>\$ 341,570</u>	<u>\$ 36,394</u>	<u>\$ 2,734,545</u>	<u>\$ 3,112,509</u>

The accompanying notes are an integral part of this statement.

**ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

<b>REVENUES</b>	
St. Tammany Parish Police Jury	\$ -
Interest	561
	561
 <b>EXPENDITURES</b>	
Compensation paid board members	600
Legal and professional	8,100
Office expenditures	801
Payroll taxes	317
Capital outlay	27,138
	36,956
Total expenditures	36,956
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	 (36,395)
 <b>FUND BALANCE-BEGINNING OF YEAR</b>	 <u>65,380</u>
 <b>FUND BALANCE-END OF YEAR</b>	 <u><u>\$ 28,985</u></u>

The accompanying notes are an integral part of this statement.

## ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Tammany Parish Gravity Drainage District No. 5 (the "District") was established by Louisiana Revised Statutes 38:1606 and Police Jury Ordinance PSS No. 93-1792 on July 15, 1993. The District's boundaries are within Precincts 305-A, 306 and 307 of the Third Ward of the Parish of St. Tammany. The District is governed by a Board of Commissioners consisting of five resident property taxpayers, as provided by Louisiana Revised Statutes 38:1761. The St. Tammany Parish Police Jury appoints five commissioners, two commissioners for a term of two years and three for a term of four years. All selections or appointments thereafter will be for four-year terms. The four appointed commissioners select the fifth member who serves as Chairman. The bodies making the original appointments fill vacancies.

Gravity drainage districts are created for the purpose of creating and maintaining drainage of the area within the boundaries of Ward 3 of St. Tammany Parish.

The financial statements of the St. Tammany Parish Gravity Drainage District No. 5 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 government's accounting principles are described below.

#### 1. The Reporting Entity

The component unit financial statements of the District include all funds, account groups, and activities that are within the oversight responsibility of the District. Certain units of local government, over which the District exercises no oversight responsibility such as the St. Tammany Parish Police Jury, Parish School Board, independently elected parish officials, and municipalities within the Parish, are excluded from the accompanying component unit financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the District.

As the governing authority of the Parish, for reporting purposes, the St. Tammany Parish Police Jury is the financial reporting entity for the Parish of St. Tammany. The financial reporting entity consists of (a) the primary government (Police Jury), (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. Tammany Parish Police Jury for 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:

- a) Appointing a voting majority of an organization's governing body, and the ability of the police jury to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burden on the police jury.

ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Because the police jury appoints a voting majority of the organization's governing body, the District was determined to be a component unit of the St. Tammany Parish Police Jury, 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 police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

2. Fund Accounting

The District uses fund and account groups to report on its financial position and the results of its operations. *Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.*

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the fund because they do not directly affect net expendable available financial resources.

Funds are ordered into three major categories: governmental, proprietary, and fiduciary. Funds within each major category are grouped by fund type in the financial statements. The funds and account groups used by the District are as follows:

Governmental Fund Types

Governmental funds are those through which general governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the District's governmental fund types:

a) General Fund

The general fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds.

b) Debt Service Fund

The debt service fund accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term debt account group.

ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

c) Capital Projects Fund

The capital projects fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds.

Account Groups

Account groups are used to establish accounting control and accountability for the District's general fixed assets and long-term obligations. The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

a) General Fixed Asset Account Group

This account group is established to account for all fixed assets of the District. Capital outlays in the general fund are recorded as expenditures of those funds at the time of purchase and are subsequently recorded for control purposes in the general fixed asset account group.

b) General Long-Term Debt Account Group

This account group is established to account for all of the District's long-term obligations expected to be financed from general governmental resources.

3. 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. The operating statement of the fund presents increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net current assets.

All governmental fund types and agency funds use the modified accrual basis of accounting. 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. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Those revenues of the District susceptible to accrual are ad valorem taxes, state revenue sharing, police jury fees, and interest. Substantially all other revenues are recorded when received.

4. Budget and Budgetary Accounting

The budget for the general fund was not required to be prepared and legally adopted as required by state law and generally accepted accounting principles because the expenditures for the year ended December 31, 1999 did not exceed \$250,000. Therefore, the financial statements do not include a comparison of revenues and expenditures to budget.

5. Encumbrances

The District does not employ 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.

6. Cash and cash equivalents

Cash includes amounts in demand deposits and certificates of deposits, if any.

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

7. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the general fund and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated fixed assets, if any, are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets in the general fixed assets account group are not depreciated.

8. Pension Plan, Vacation, and Sick Leave Policies

All members of the District serve as board of directors and there are no employees of the District. Accordingly, the District does not contribute to a pension plan and has no formal vacation and sick leave policy.

ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

9. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Ad Valorem Taxes

Ad valorem taxes are normally levied in November and billed in December. These taxes are due in January of the following year. Any unpaid taxes are collected in connection with an auction held in May. The Sheriff's department bills and collects the District's ad valorem taxes.

Ad valorem taxes are levied based on property values determined by the St. Tammany Parish Assessor (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value.

The District's ad valorem tax revenues are recognized when levied to the extent that they are determined to be currently collectible.

11. Fund Equity

Designations represent those portions of fund equity that have been segregated to indicate tentative plans for future resource use.

12. Total Column on Financial Statements

The total column on the financial statements is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles nor is such data comparable to a consolidation.

NOTE B - CASH AND CASH EQUIVALENTS

At December 31, 1999 and 1998, the District had cash and cash equivalents (book balances) totaling \$2,826,354 and \$34,465, respectively. These deposits are secured from risk by \$100,000 in federal deposit insurance and \$3,185,087 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The District's cash was not in excess of the FDIC insurance during 1998. There were no funds invested during 1999 and 1998.

NOTE C - AD VALOREM TAXES

The District was authorized to levy an ad valorem tax of 7.75 mills on September 1, 1999, commencing in 1999 and ending in the year 2019. The tax is to be used for the purpose of engineering, constructing, improving, and maintaining gravity drainage within the boundaries of Ward 3 of St. Tammany Parish.

ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5

NOTES TO FINANCIAL STATEMENT

NOTE D – CERTIFICATES OF INDEBTEDNESS

The District pursuant to an election, and authority granted by the State Bond Commission, was authorized to levy a tax of 7.75 mills for the period from 1999 through 2019. In conjunction with the authorization the District issued its certificates of indebtedness to a bank in the original amount of \$2,750,000. The purpose of the issuance of the certificates of indebtedness was for the construction, improvement, and maintenance of drainage in the District. These certificates have a maturity of twenty (20) years beginning in 2001, and bear interest at 5.39%. Principal payments are due annually on March 1 and interest is payable on March 1 and September 1 of each year.

Annual debt service requirements to maturity, including interest of \$1,771,424, are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2000	\$ 148,225
2001	235,800
2002	235,814
2003	235,558
2004	235,034
2005	234,240
2006	233,175
2007	231,843
2008	230,240
2009	228,368
2010	231,091
2011	228,410
2012	230,325
2013	226,836
2014	227,943
2015	228,510
2016	228,539
2017	223,163
2018	222,383
2019	<u>225,929</u>
	<u>\$4,521,426</u>

**SUPPLEMENTARY INFORMATION SCHEDULE**

**ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5  
SUPPLEMENTAL INFORMATION SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**COMPENSATION PAID TO BOARD OF COMMISSIONERS**

As shown on the attached schedule, compensation paid to the board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:405(G), the commissioners receive \$30 for each board meeting attended, up to two meetings per month.

**ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 5  
SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<u>Commissioners</u>	<u>Number</u>	<u>Amount</u>
Bruce Authement	12	\$ 360
Paul Dyer	16	480
Belinda Tackaberry	17	510
Gaynelle Dassau	5	150

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

Board of Commissioners

St. Tammany Parish Gravity Drainage District No. 5

We have audited the component unit financial statements of the St. Tammany Parish Gravity Drainage District No. 5, as of December 31, 1999 and the for the two years then ended, and have issued our report thereon dated April 18, 2000. 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.

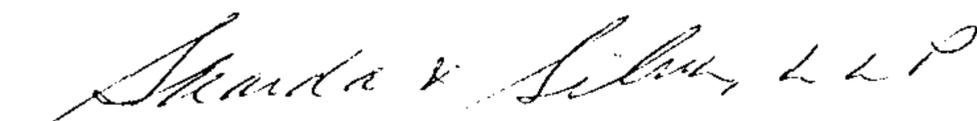
Compliance

As part of obtaining reasonable assurance about whether the St. Tammany Parish Gravity Drainage District No. 5's component unit 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 determinations 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 St. Tammany Parish Gravity Drainage District No. 5'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal 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. 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 solely for the information and use of management, others within the organization, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

  
April 18, 2000