

Smith, Huval & Associates, L.L.C.

LA LIMITED LIABILITY COMPANY

Credited Public Accountants

P.O. Box 1000

Covington, Louisiana 70424-1000

David E. Smith, CPA
David Wayne Huval, CPA

(504) 892-8833 - 11 employees
(504) 892-8800 - FAX

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

To the Board of Commissioners
Drainage District No. 4
St. Tammany Parish, Louisiana

We have audited the component unit financial statements of the Drainage District No. 4 of St. Tammany Parish, Louisiana as of December 31, 1996, and for the years ended December 31, 1996 and 1995 and have issued our report thereon dated June 11, 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. These standards require we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

The Board of Commissioners of Drainage District No. 4 of St. Tammany Parish are responsible for the District's compliance with laws and regulations. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, we performed tests of the District's compliance with certain laws, regulations, contracts and grants. However, our objective 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 Governmental Auditing Standards.

This report is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor. This certification is not intended to limit the distribution of this report, which is a matter of public record.

Smith, Huval & Associates, L.L.C.

June 11, 1997

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Smith, Hurst & Associates, L.L.C.

A LIMITED LIABILITY COMPANY

Chartered Public Accountants

P.O. Box 1880

Covington, Louisiana 70414-1880

Samuel K. Smith, CPA
Edward "Brent" Beard, CPA

PHONE 882-4800 • FAX 882-4801
E-MAIL 882-4888 • WWW

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Drainage District No. 4
St. Tammany Parish, Louisiana

We have audited the accompanying component unit financial statements of Drainage District No. 4 and the account group financial statements as of December 31, 1996, and for each of the years ended December 31, 1996 and 1995, 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. 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 assertions 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Drainage District No. 4 as of December 31, 1996, and for each of the years ended December 31, 1996 and 1995, in conformity with generally accepted accounting principles. Also, in our opinion, the account group financial statements referred to above presents fairly, in all material respects, the financial position of the account group of the Drainage District No. 4 as of December 31, 1996, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 11, 1997 on our consideration of the internal control structure of Drainage District No. 4 and a report dated June 13, 1997 on its compliance with laws and regulations.

Smith, Hurst & Associates, L.L.C.

June 13, 1997

Drainage District No. 4
St. Tammany Parish, Louisiana

COMBINED BALANCE SHEET-
ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1986

ASSETS	Governmental Fund Types		Account Group General Fixed Assets	Total (Miscellaneous Fund)
	General	Debt Service		
Cash in banks and on hand	\$ 176,538	\$	\$	\$ 176,538
Four receivable (net of allowance for uncollectible accounts of \$6,943)	35,984			35,984
Due from General Fund		2,580		2,580
Plant and equipment			333,446	333,446
Prepaid insurance	7,458			7,458
Other	389			389
	<u>\$ 176,921</u>	<u>\$ 2,580</u>	<u>\$ 333,446</u>	<u>\$ 509,335</u>

The accompanying notes are an integral part of this statement.

Drainage District No. 4
St. Tammany Parish, Louisiana

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT ORIGIN - Combined

December 31, 1986

	Governmental Fund Type		Account Group	Total
	General	Debt Service	General Fixed Assets	(Miscellaneous Only)
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$ 1,003	\$	\$	\$ 1,003
Payroll taxes payable	570			570
Matured bonds and interest payable		13,925		13,925
Due to Debt Service Fund	2,580			2,580
Total liabilities	4,163	13,925		18,088
Fund Equity				
Investment in general fixed assets:				
General fund			335,446	335,446
Reserve for prepaid insurance	7,458			7,458
Unreserved fund balance	158,786	(13,543)		145,243
Total fund equity	166,244	(13,543)	335,446	488,147
	\$ 1,78,367	\$ 2,580	\$ 335,446	\$ 516,393

The accompanying notes are an integral part of this statement.

Designs District No. 4
 & Territory Parish, Louisiana

COMPARED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - ALL-GOVERNMENTAL FUNDS (PERMS) - Continued

The two years ended December 31, 1994 and 1995

	1994		1995		Total Difference (Debit) Credit
	General	Debit Service	General	Debit Service	
Excess (shortage) of revenues over expenditures	\$0.298	-	\$0.000	-	\$0.298
Fund balance (deficit), beginning of year	\$0.000	\$11.500	\$1.500	\$13.040	\$0.298
Fund balance (deficit), end of year	\$0.298	\$11.500	\$1.500	\$13.040	\$0.298

The accompanying notes are an integral part of this statement.

DeWing District No. 4
St. Tammany Parish, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS)
AND ACTUAL - GENERAL FUND TYPE

For the Year Ended December 31, 2004 and 1993

	1993		1992		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Revenues					
Sales tax	\$ 11,494	\$ 11,448	\$ 28,046	\$ 31,373	\$ 1,327
Grant received	-	-	20,377	20,373	-
Business permits	-	1,281	14,739	14,118	(621)
Miscellaneous	-	-	-	878	878
Intergovernmental revenue	-	-	-	-	-
Total revenues	<u>\$ 11,494</u>	<u>\$ 12,729</u>	<u>\$ 63,172</u>	<u>\$ 80,772</u>	<u>\$ 17,600</u>
Expenditures					
Salaries	19,000	21,598	1,208	1,508	299
Payroll tax expense	3,811	3,128	812	805	(67)
Professional services	10,000	12,028	4,008	4,118	110
Materials	11,000	9,607	7,892	7,726	(166)
Maintenance and repairs	5,750	3,207	12,820	12,500	(320)
Utilities and telephone	2,377	1,128	1,588	1,078	(510)
Other expenses	1,000	504	300	889	589
Office supplies	1,211	718	1,408	1,118	(290)
Fuel cost	4,000	700	2,000	1,842	(158)
Equipment rental	1,000	428	-	-	-
Alarm system maintenance	1,000	248	1,000	202	(798)
Miscellaneous services	1,000	76	-	7,892	7,892
Contract labor	5,000	2,348	3,000	1,400	(1,600)
Business expense	-	-	-	48	48
Bad debts	5,100	-	-	-	-
Capital Outlay	-	-	-	-	-
Expenses	<u>41,500</u>	<u>42,502</u>	<u>27,432</u>	<u>60,002</u>	<u>18,570</u>
Total expenditures	<u>\$ 41,500</u>	<u>\$ 42,502</u>	<u>\$ 41,432</u>	<u>\$ 60,002</u>	<u>\$ 18,502</u>

Bridge Drive No. 4
St. Tammany Parish, Louisiana

STATEMENT OF RECEIPTS, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GROUP BASIS)
AND ACTUAL - GENERAL FUND TYPE - Combined

For the Year Ended December 31, 1988 and 1989

	1988		1989	
	Budget	Variance Favorable Unfavorable	Budget	Variance Favorable Unfavorable
Receipts (including) of revenues over expenditures	\$		\$	
Fund balance, beginning of year		\$ 18,288		\$ 18,288
Fund balance, end of year		\$ 18,288		\$ 18,288

The accompanying notes are an integral part of this statement.

Drainage District No. 4
St. Tammany Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE D - CERTIFICATE OF INDEBTEDNESS

The District has a certificate of indebtedness bearing interest at 8.25% that matured in 1988. Before this certificate matured, the original holder of that certificate was taken over by the Federal Deposit Insurance Corporation (FDIC). Subsequent to the take over, the successor bank has been contacted and advised the District that it has no record of said certificate. Accordingly, the District retained the services of the St. Tammany Parish District Attorney's Office (D.A.) to look into the matter more fully. As of the date of this audit, the D.A.'s office is of the opinion that it is possible this debt is prescribed. The outstanding principal and interest, which was accrued through maturity, is recorded in the Debt Service Fund.

NOTE E - DEFECTS - FUND EQUITY

The Debt Service Fund has a fund balance deficit of \$13,345 as of December 31, 1996, as a result of the remaining of the certificate of indebtedness referred to in note D.

NOTE F - OTHER INDIVIDUAL FUND DISCLOSURES

Individual fund interfund receivables and payable balances are not eliminated in the accompanying financial statements. Such balances at December 31, 1996, follow:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 2,580
Debt Service Fund	<u>2,580</u>	<u>-</u>
	<u>\$ 2,580</u>	<u>\$ 2,580</u>

NOTE G - SUBSEQUENT EVENT

The St. Tammany Parish Police Jury contracted with a construction firm to make certain improvements on the District's levee and drainage system. At December 31, 1996, work has ceased on this contract due to a falling dispute. The remaining work to complete the improvements estimated at \$48,808, will be paid by the District at the time the work is completed.

Drainage District No. 4
14, Tangipahoa Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Basis of Accounting - Continued

All governmental funds are accounted for using the modified accrual basis of accounting. This means is recognized in the accounting period in which it becomes both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. An exception to this general rule is principal and interest on long-term debt which is recognized when due.

Revenues

Service fees are recorded in the year the fees are collected. Interest income on time deposits is recorded when the time deposits have matured and interest is available. Miscellaneous revenues are recorded as revenue when received in cash. Substantially all other revenues, including grant revenue, are recognized when they become both measurable and available to finance expenditures of the fiscal period.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting, when the related liability is incurred, except for principal and interest on general long-term obligations, which are recognized when due.

7. Budget Practices

The District adopts an annual budget for the General Fund on a modified accrual basis of accounting.

8. Cash, Cash Equivalents, and Investments

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 or national banks having their offices in Louisiana. At December 31, 1996, the District has cash (book balances) and cash on hand totaling \$126,528.

Cash 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

Drainage District No. 4
31 Tensas Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE B - SERVICE FEES

The District assesses a service fee each year to each property owner in the District for the maintenance and operation of the District. For 1995, the fees were set at \$46 per lot or \$158 per acre for tracts of land larger than a lot. For 1996, the fees were set at \$96 on each lot (up to 10,000 square feet) and \$96 for each 10,000 square foot for tracts of land larger than a lot. The District has one major land owner who is responsible for over 60% of the service fees billed. As of December 31, 1996, this major land owner has paid their 1996 bill in its entirety and owes no outstanding service fees. The fees receivable at December 31, 1996 comprised totally of prior year balances are as follows:

Service fees receivable	\$ 42,931
Less: Allowance for uncollectibles	<u>6,947</u>
Net service fees receivable:	<u>\$ 35,984</u>

NOTE C - CHANGES IN GENERAL FIXED ASSETS

The District established a detail fixed asset listing using historical cost and estimated historical cost. Presented below is a summary of changes in general fixed assets:

	Balance December 31, 1994	1995 Additions	Balance December 31, 1995	1996 Additions	Balance December 31, 1996
Buildings and improvements	\$ 110,000	\$ -	\$ 110,000	\$ -	\$ 110,000
Equipment	<u>178,088</u>	<u>46,060</u>	<u>224,148</u>	<u>1,380</u>	<u>225,446</u>
	<u>\$ 288,088</u>	<u>\$ 46,060</u>	<u>\$ 334,146</u>	<u>\$ 1,380</u>	<u>\$ 335,446</u>

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COMPONENT UNIT FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DRAINAGE DISTRICT NO. 4
ST. TAMMANY PARISH, LOUISIANA

DECEMBER 31, 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 1/11/00 © 2000

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To the Board of Commissioners
Drainage District No. 4
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Our consideration of the internal control would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level of risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements happen and are not detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Smith, Howard & Associates, L.L.C.

June 11, 2003

Drainage District No. 4
41. Tammany Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fund Accounting

The accounts of the Drainage District No. 4 are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund consist of self-balancing accounts that compare its assets, liabilities, fund equity, revenue, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which operating activities are to be controlled.

4. Governmental Fund

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.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of revenues for, and the payments of, general long-term debt principal that has matured, interest that has accrued, and related cost.

5. Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund is determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

6. Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Smith, Hurval & Associates, L.L.C.

A LIMITED LIABILITY COMPANY

Certified Public Accountants

P.O. Box 1650

Covington, Louisiana 70039-1650

Samuel K. Smith, CPA
Patrick "Steve" Hurval, CPA

504.892.4881 - Offices
504.892.4850 - FAX

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

To the Board of Commissioners
Drainage District No. 4
St. Tammany Parish, Louisiana

We have audited the component unit financial statements of the Drainage District No. 4 as of December 31, 1998, and for the years ended December 31, 1998 and 1999 and have issued our report dated June 11, 1999.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Drainage District No. 4 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 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 policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Drainage District No. 4 for the years ended December 31, 1998 and 1999, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

District No. 4
St. Tammany Parish, Louisiana

STATEMENT OF GENERAL FIXED ASSETS

December 31, 1986

	<u>1986</u>
General Fixed Assets at Cost:	
Building and Improvements	\$ 110,000
Equipment	<u>225,446</u>
Total General Fixed Assets	<u>\$ 335,446</u>
Investments in General Fixed Assets from:	
General Fund	
Revenue	\$ 335,446
Total Investments in General Fixed Assets	<u>\$ 335,446</u>

The accompanying notes are an integral part of this statement.

ACCOUNT GROUP

Drainage District No. 4
St. Tammany Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Drainage District No. 4 of St. Tammany Parish conform to generally accepted accounting principles applicable to governmental entities. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:537 and to the guidelines set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, *Audits of State and Local Governmental Units*. The following is a summary of certain significant policies.

1. History

Drainage District No. 4, St. Tammany Parish, Louisiana was created by the St. Tammany Parish Police Jury ordinance No. 813 in May, 1978. The District covers the area of St. Tammany Parish, Louisiana known as Kingspoint South and Foshollow. The District is operated as a component unit of the St. Tammany Parish Police Jury.

2. Reporting Entity

As the governing authority of the Parish, for reporting purposes, the St. Tammany Parish Police Jury is the financial reporting entity for St. Tammany Parish. 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. In accordance with GASB and Section 2100, Drainage District No. 4 is considered a component unit of the parish reporting entity because: (1) commissioners of the District are appointed by the St. Tammany Parish Police Jury and; (2) the District provides drainage protection services to residents within St. Tammany Parish. While Drainage District No. 4 is an integral part of the parish reporting entity and should be included within the general purpose financial statements of that reporting entity, GASB Codification Section 2600 provides that a component unit may also issue financial statements separate from those of the reporting entity. Accordingly, the accompanying financial statements present information only on the financial operations of Drainage District No. 4 and do not present information on the St. Tammany Parish Police Jury, the general government services provided by the police jury or on other component units that comprise the St. Tammany Parish reporting entity.

Parish District No. 4
St. Tammany Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Cash, Cash Equivalents, and Investments - Continued

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 District in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash and cash and cash equivalents (bank balances) at December 31, 1996.

Demand deposits	\$ 1,580
Interest-bearing demand deposits	<u>126,220</u>
Total	<u>\$127,800</u>

These deposits are secured from risk by \$100,000 of federal deposit insurance and \$27,800 of pledged securities held by the custodial bank in the name of the District (GASBS Category 2).

The District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

9. Federal Income Taxes

The District is not subject to federal income taxes in accordance with the Internal Revenue Code (IRC) Section 115 regarding income of states, municipalities, political subdivisions, etc.

10. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidated. Interfund eliminations have not been made in the aggregation of this data.