



LOUISIANA GOVERNMENT

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures included in the Louisiana Government Audit Guides and enumerated below, which were agreed to by the management of St. Tammany Parish Sewerage District No. 4 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about St. Tammany Parish Sewerage District No. 4 compliance with certain laws and regulations during the year ended December 31, 1996 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures to satisfy the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2212 (the public bid law).

No expenditures were made during the year for materials and supplies exceeding \$5,000 or for public works exceeding \$50,000.

Note 5 - PER DIEM PAID COMMISSIONERS FOR BOARD MEETINGS

Attendance and payment for Board of Commissioners meetings were as follows:

Commissioner or	Number of Meetings Attended	Amount
Daniel A. Doty	15	\$ 900
Robert Franklin	5	300
Jack MacEachern	12	720
Lukas Saffron	5	300
Tom Theriot	14	840
James Whelan	8	480
Chiff Williams	2	120
Total		<u>\$3,660</u>

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

**St. Tammany Parish Sewerage District No. 4
Mandeville, Louisiana**

December 31, 1996

(See Accountant's Compilation Report)

Operating Revenues	
Charges for services	\$ 60,000
Operating Expenses	
Personal Services:	
Salaries and benefits	2,600
Per diem paid to commissioners	1,660
	4,260
Supplies and Materials:	
Maintenance and repairs	18,865
Chemicals	2,245
Office supplies and expense	1,905
	23,015
Outside Services:	
Utilities	11,291
Licenses and fees	46
Insurance	1,756
Professional fees	1,298
	15,391
Depreciation	1,344
Total operating expenses	48,252
Operating loss	(7,372)
Nonoperating Revenues	
Interest income	6,288
Net loss	(1,084)
Retained Earnings	
Beginning of year	207,607
End of year	\$ 206,523

See notes to financial statements.

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Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1180-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the needed information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list of its one employee.

4. Determine whether any of these employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

The employee included on the list of employees provided by management (agreed-upon procedure (3)) did not appear on the list provided by management in agreed-upon procedure.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Proprietary funds are not required to adopt an annual budget. The District did not adopt a budget in 1996.

6. Trace the budget adoption and amendments to the minute book.

Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

Not applicable.



Benjamin Bennett

ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying general purpose financial statements of St. Tammany Parish Sewerage District No. 4 (the District) as of and for the year then ended December 31, 1996, as listed in the foregoing table of contents, in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying general purpose financial statements, and, accordingly, do not express an opinion or any other form of assurance on them.

Benjamin Bennett, LLC.

Certified Public Accountants.

New Orleans, La.,
May 13, 1997.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

The payments were properly described in the cash disbursement journal.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated proper approvals.

Meetings

9. Examine minutes indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12.

St. Tammany Parish Sewerage District No. 4 published in a local newspaper an annual notice of meeting stating the scheduled meetings and time.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

BALANCE SHEET - PROPRIETARY FUND TYPE - ENTERPRISE

St. Tammany Parish Sewerage District No. 4
Mandeville, Louisiana

December 31, 1996

(See Accountant's Compilation Report)

ASSETS

Current	
Cash	\$ 30,635
Certificates of deposit	82,419
Receivable - charges for services	5,452
Due from other governmental entity - St. Tammany Parish Waterworks District No. 3	10,464
Prepaid insurance	1,179
Total current assets	170,149
Sewer System, Building and Equipment (Net of \$61,609 accumulated depreciation)	107,321
Other Assets	
Deposits	1,200
Total	\$ 278,664

LIABILITIES AND FUND EQUITY

Current	
Accounts payable	\$ 2,035
Fund Equity	
Contributed capital	40,000
Retained earnings - unreserved	278,589
Total fund equity	278,589
Total	\$ 278,664

See notes to financial statements.

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE - ENTERPRISE**

**St. Tammany Parish Sewerage District No. 4
Mandeville, Louisiana**

For the year ended December 31, 1996

(See Accountant's Compilation Report)

Cash Flows From Operating Activities	
Operating loss	\$ (3,322)
Adjustments to reconcile operating loss to cash provided by operating activities:	
Depreciation	7,344
Decrease in receivables	336
Decrease in due from other governmental entity	18,854
Increase in prepaid insurance	(11)
Decrease in deposits	300
Increase in accounts payable	628
Total adjustments	27,471
Net cash provided by operating activities	24,149
Cash Flows Used For Capital Activities	
Purchase of system improvements	(55,970)
Cash Flows From Investing Activities	
Interest earnings	6,284
Purchase of certificates of deposit	(1,132)
Net cash provided by investing activities	5,152
Net decrease in cash	(10,669)
Cash	
Beginning of year	81,344
End of year	\$ 70,675

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**St. Tammany Parish Sewerage District No. 4**
Mandeville, Louisiana

December 31, 1996

(See Accountants' Compilation Report)

INTRODUCTION

The St. Tammany Parish Sewerage District No. 4 was created by the St. Tammany Parish Police Jury, as provided by Louisiana Revised Statute (LSA-R.S.) 33:3181. The sewerage district is governed by a five-member board of commissioners appointed by the police jury. In accordance with LSA-R.S. 33:3913, the members serve four-year terms. The sewerage district is responsible for maintaining and operating the sewerage system within the boundaries of the sewerage district.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Basis of Presentation**

The accompanying financial statements of St. Tammany Parish Sewerage District No. 4 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

b. Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity. Because the district is solely accountable for fiscal matters, which include (1) responsibility for funding deficits and operating deficiencies, (2) fiscal management for controlling the collection and disbursement of funds, and (3) because of the scope of public services provided by the District, the District is a separate governmental reporting entity. The District includes all funds, activities, or assets, that are within the oversight responsibility of the District.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Reporting Entity (Continued)

Certain units of local government over which the District exercises no oversight responsibility, such as the parish police jury, the parish school board, independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government, are considered separate reporting entities and issue financial statements separate from those of the District.

c. Fund Accounting

The St. Tammany Parish Sewerage District No. 4 is organized and operated on a fund basis where by a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continued basis be financed or recovered primarily through user charges.

d. Basis of Accounting

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

e. Cash

Cash includes amounts in regular checking and saving accounts.

Note 2 - CASH AND CERTIFICATES OF DEPOSIT (Continued)

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDICPLUS insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

For the year ended December 31, 1996, the District's cash and certificates of deposit were insured by FDIC insurance.

Note 3 - CHANGES IN SEWER SYSTEM, BUILDING AND EQUIPMENT

A summary of changes in sewer system, building and equipment is as follows:

	Balance January 1, <u>1996</u>	Additions <u>1996</u>	Balance December <u>31, 1996</u>
Land	\$ 5,000		\$ 5,000
Sewerage plant	69,178		69,178
Improvements	55,240	\$35,970	91,210
Equipment	<u>3,542</u>	—	<u>3,542</u>
Total	132,960	35,970	168,930
Less accumulated depreciation	<u>(56,265)</u>	<u>(7,244)</u>	<u>(63,509)</u>
Net	\$76,695	\$28,726	\$105,421

Note 4 - CONTRIBUTED CAPITAL

Contributed capital of \$41,000, as shown on Exhibit A, represents contributions from the developers of the Riverwood East Subdivision to help pay for the sewer system. Contributed capital is not amortized against retained earnings for the depreciation expense of these assets acquired with contributed capital.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the District for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Management of St. Tammany Parish Sewerage District No. 4, and Legislative Auditors, State of Louisiana, and should not be used by those who have not agreed to the procedures and take responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Bougie Bennett, LLC

Certified Public Accountants

New Orleans, La.,
May 15, 1997.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Receivables

The St. Tammany Parish Sewerage District No. 4 bills customers in the month following the month in which services were provided. Unbilled service charges are accrued for the month of December at year end. The District uses the direct write off method for any receivable considered to be uncollectible.

g. Fixed Assets

Fixed assets of the District are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 10, 5 through 22 and 33 years for equipment, improvements, and sewerage plant, respectively.

h. Compensated Absences and Pension Plan

The District has no full time employees; therefore, it does not have a formal vacation and sick leave policy and does not contribute to a pension plan.

Note 2 - CASH AND CERTIFICATES OF DEPOSIT

At December 31, 1996, the District has cash and certificates of deposit as follows:

Demand deposits	\$70,632
Certificates of deposit	\$22,419

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other fiduciary insured investment.