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ANNUAL FINANCIAL STATEMENTS
ST. TAMMANY PARISH SEWERAGE
DISTRICT NO. 7
SLUDGILL, LOUISIANA
September 30, 1997 and 1998

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 APR 15 1999

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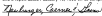
INDEPENDENT AUDITOR'S REPORT**Board of Supervisors**St. Tammany Parish Sewerage District No. 7
Cibola, Louisiana

We have audited the accompanying general purpose financial statements of St. Tammany Parish Sewerage District No. 7, State of Louisiana (the District), a component unit of St. Tammany Parish, State of Louisiana as of and for the year ended September 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The general purpose financial statements of St. Tammany Parish Sewerage District No. 7, State of Louisiana as of September 30, 1996, were audited by other auditors whose opinion dated November 27, 1996 on these statements were qualified because of the departure from generally accepted accounting principles described in Note 2.

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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 in the first paragraph present fairly, in all material respects, the financial position of St. Tammany Parish Sewerage District No. 7 as of September 30, 1997, and the results of its operations and its cash flows 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 February 18, 1998 on our consideration of the St. Tammany Parish Sewerage District No. 7's internal control structure and a report dated February 18, 1998 on its compliance with laws and regulations.


NEUBURGER, COOPER & GORD

Certified Public Accountants

February 18, 1998

BALANCE SHEETS - PROPRIETARY FUND TYPE
ENTERPRISE FUND
S.T. TAMMANY PARISH SEWERAGE DISTRICT NO. 7
September 30, 1997 and 1996

	ASSETS		<u>1997</u>	<u>1996</u>
CURRENT ASSETS				
Cash	\$	4,859	\$	5,516
Accounts receivable (net of \$80,508 in 1997 and \$91,800 in 1996 allowance for doubtful accounts)		12,087		9,388
Prepaid insurance		2,324		2,850
TOTAL CURRENT ASSETS	\$	<u>19,270</u>	\$	<u>17,754</u>
RESTRICTED ASSETS				
Cash and cash equivalents	\$	21,089	\$	131,678
Current portion of assessment receivables, including billed interest		199,784		179,280
Non-current portion of assessment receivable		118,847		151,516
Loss allowance for assessment adjustment		(225,000)		(186,000)
Accrued interest on assessments		5,280		8,480
Real estate holdings		13,385		13,515
TOTAL RESTRICTED ASSETS	\$	<u>134,285</u>	\$	<u>298,469</u>
SEWER SYSTEM, BUILDING AND EQUIPMENT				
Land	\$	18,000	\$	18,000
Sewerage system		4,091,883		4,091,883
Building		88,400		88,400
Furniture and fixtures		22,500		22,600
Transportation		30,173		30,173
TOTAL SEWER SYSTEM, BUILDING AND EQUIPMENT	\$	<u>4,350,956</u>	\$	<u>4,350,956</u>
Less accumulated depreciation		(1,432,287)		(1,393,894)
NET BOOK VALUE	\$	<u>2,918,669</u>	\$	<u>2,957,062</u>
TOTAL ASSETS	\$	<u>2,937,939</u>	\$	<u>3,275,826</u>

See notes to financial statements.

	1997	1996
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Current liabilities (payable from current assets) :		
Due to EPA	\$ 120,324	\$ 119,187
Accounts payable	5,604	3,729
Accrued payroll taxes	180	0
Deposits	7,480	5,480
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	\$ 133,588	\$ 128,406
Current liabilities (payable from restricted assets) :		
Current maturity of long-term debt	\$ 0	\$ 118,289
Accrued interest	0	12,863
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	\$ 0	\$ 131,152
TOTAL CURRENT LIABILITIES	\$ 133,588	\$ 259,558
LONG-TERM LIABILITIES		
Non-current portion of long-term debt	0	85404
TOTAL LIABILITIES	\$ 133,588	\$ 344,962
FUND EQUITY		
Contributed capital	\$ 2,615,406	\$ 2,740,426
Retained earnings	184,898	115,894
TOTAL FUND EQUITY	\$ 2,790,304	\$ 2,856,320
TOTAL LIABILITIES AND FUND EQUITY	\$ 3,911,992	\$ 3,213,682

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - PROPRIETARY FUND TYPE - ENTERPRISE FUND
 ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 3
 Years ended September 30, 1997 and 1996**

	<u>1997</u>	<u>1996</u>
OPERATING REVENUES		
Sewerage fees	\$ 131,843	\$ 132,603
Late fees	2,458	4,198
Other	1,201	2,430
TOTAL OPERATING REVENUES	\$ 135,502	\$ 139,231
OPERATING EXPENSES		
Personnel services:		
Salaries	\$ 10,011	\$ 10,375
Benefit of Supervisor fees	2,250	1,580
Contract labor	380	534
Payroll taxes	1,082	825
	<u>\$ 14,723</u>	<u>\$ 13,314</u>
Supplies and materials:		
Repairs and replacements	\$ 13,324	\$ 16,551
Office expense	3,287	1,854
Postage	1,354	1,203
Truck expense	808	508
	<u>\$ 21,887</u>	<u>\$ 25,256</u>
Outside services:		
Treatment plant usage	\$ 30,480	\$ 25,326
Professional fees	6,618	10,388
Provision for bad debts (recovery)	(12,508)	(742)
Utilities	11,284	10,881
Insurance	8,674	8,039
Telephone	822	795
Security	380	380
	<u>\$ 44,880</u>	<u>\$ 53,827</u>
Depreciation	\$ 158,833	\$ 138,833
TOTAL OPERATING EXPENSES	\$ 318,867	\$ 329,404
Operating loss (carried forward)	\$ (83,365)	\$ (90,173)

See notes to financial statements.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - PROPRIETARY FUND TYPE - ENTERPRISE FUND - continued
 ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 7
 Years ended September 30, 1997 and 1996**

	1997	1996
Operating loss (brought forward)	\$ <u>(50,037)</u>	\$ <u>(50,985)</u>
NON-OPERATING REVENUE (EXPENSE)		
Interest income from:		
Assessment receivables	\$ 28,815	\$ 28,715
Cash equivalents	2,521	2,892
Maturity of attorney fees and late fees on assessments	3,465	7,219
Sale of real estate holdings - property seized	8,844	0
Interest expense - long-term debt	(8,332)	(17,081)
Interest expense - EPA claim	(4,137)	(4,137)
Provision for assessment adjustments	<u>(71,681)</u>	<u>0</u>
Total non-operating revenue (expense)	\$ <u>(1,837)</u>	\$ <u>15,628</u>
NET LOSS	\$ <u>(54,714)</u>	\$ <u>(74,842)</u>
TRANSFERRED TO CONTRIBUTED CAPITAL:		
Depreciation	<u>131,618</u>	<u>131,617</u>
INCREASE IN RETAINED EARNINGS	\$ 40,502	\$ 56,074
RETAINED EARNINGS		
Beginning of year	<u>118,084</u>	<u>62,010</u>
End of year	\$ <u>164,986</u>	\$ <u>118,084</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE -
 UNDER PRESENTING
 ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 7
 Years ended September 30, 1997 and 1998

	<u>1997</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ <u>(83,637)</u>	\$ <u>(93,095)</u>
Adjustments to reconcile operating loss to cash provided by operating activities:		
Depreciation	\$ 138,633	\$ 138,633
Decrease (increase) in assets:		
Accounts receivable	(2,749)	809
Prepaid insurance	329	(369)
Increase (decrease) in current liabilities:		
Accounts payable	(165)	2,828
Accrued payroll taxes	1,898	1,308
Deposits		
TOTAL ADJUSTMENTS	\$ <u>137,338</u>	\$ <u>142,987</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>53,701</u>	\$ <u>49,892</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Collection of assessment receivables	\$ 81,188	\$ 78,055
Interest paid on long-term debt	(25,993)	(22,613)
Payments on long-term debt	(204,183)	(177,433)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	\$ <u>(149,088)</u>	\$ <u>(122,091)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	\$ 3,821	\$ 2,892
Cash from sale of parcel property	95,148	0
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ <u>98,969</u>	\$ <u>2,892</u>
NET INCREASE (DECREASE) IN CASH	\$ <u>(11,318)</u>	\$ <u>53,693</u>
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>137,083</u>	<u>81,508</u>
End of year	\$ <u>125,765</u>	\$ <u>135,201</u>

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying general purpose financial statements of the St. Tammany Parish Sewerage District No. 7 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

St. Tammany Parish Sewerage District No. 7 is a component unit of the St. Tammany Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying general purpose 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 governmental reporting entity.

C. Fund Accounting

The St. Tammany Parish Sewerage District No. 7 is organized and operated on a fund basis whereby 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 is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as the liabilities are incurred.

E. Use of Estimates

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 disclosures 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 these estimates.

F. Cash and Cash Equivalents

Cash includes amounts in regular checking accounts and short-term investments in certificates of deposit.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

G. Accounts Receivable

Accounts receivable represent uncollected sewerage and late fees which are billed monthly. In 1996, the District increased rates for sewerage fees by approximately 40% and changed the monthly late fees from 5% of the outstanding balance to a \$2 charge. An allowance account has been provided for the District's estimate of possible charge-offs as adjustments for street receivables.

H. Restricted Assets

Restricted assets are set aside to retire long-term debt. Restricted cash and cash equivalents represent collections on assessments.

I. Sewer System, Building, and Equipment

Fixed assets of the District are included on the balance sheet of the Fund. Interest costs incurred during construction were capitalized. Depreciation of all depreciable fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 5 to 25 years.

Depreciation expense applicable to those fixed assets acquired through capital contributions is closed out to the related contributed capital accounts rather than retained earnings. It is considered preferable under the matching concept, as receipts of those fixed assets have been recorded as additions to contributed capital.

J. Compensated Absences

The District does not have a formal policy relating to vacation and sick leave.

K. Retirement

All employees are covered by social security.

L. Concentration of Credit Risk

The District provides services to an area near Slidre, Louisiana. This area is dependent on the New Orleans, Louisiana industries, fishing and tourism. The primary area of risk is in accounts receivable. Service fees are basically uncollected. Front footage assessments are secured by lien.

NOTE 2 - CASH AND CASH EQUIVALENTS

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 federally insured investment.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC/FSLIC 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 September 30, 1997, all of the District's cash and certificates of deposits were either insured by FDIC/FSLIC insurance or collateralized by securities held by the Federal Home Loan Bank of Atlanta.

NOTE 3 - ASSESSMENT RECEIVABLES

When the Sewer System was constructed, property owners were assessed for \$2,912,580 to help pay for the system. The property owners had the option of paying their assessment in full or the District would bill them over a 20-year period for their assessment including interest at 8%. Assessments are billed on or about May 1st each year and payment is due shortly thereafter. Current portion of assessment receivable at September 30, 1997 and 1996 includes an estimated May 1, 1996 and 1997 billing of principal of \$17,665 and \$16,843 respectively. The remaining portion represents unpaid interest and assessments previously billed.

Noncurrent assessment receivables represents assessments that are not scheduled to be billed until the following May. This principal amount will be billed in equal annual installments through May 2005 plus interest at 8%.

As of September 30, 1997, the District's assessment accounts were as follows:

Delinquent	Accounts	Current Portion of Assessment Receivables	Noncurrent Portion of Assessment Receivables	Total
Never paid	6	\$ 91,878	\$ 15,179	\$ 107,057
Ten years	4	18,268	3,790	22,058
Nine years	2	4,893	1,891	6,784
Eight years	2	8,492	1,764	10,256
Seventy years	18	25,873	5,905	31,778
Six years	3	7,812	2,854	10,666
Five years	2	1,893	1,847	3,740
Four years	17	16,774	3,269	20,043
Three years	1	1,234	1,571	2,805
Two years	2	889	889	1,778
One year	8	2,734	4,517	7,251
Current	52	1,945	62,838	64,783
Suspense	122	\$ 173,579	\$ 158,492	\$ 332,071
Amount to be billed May 1, 1998		17,665	17,665	
Total		\$ 338,736	\$ 318,847	

At September 30, 1996, there was not sufficient information for the District to make a reasonable estimate of the collectibility of the above accounts in accordance with generally accepted accounting principles. As a result, the opinion on these statements was qualified.

NOTES TO FINANCIAL STATEMENTS - continued
ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 7
 September 30, 1997 and 1996

NOTE 3 - ASSESSMENT RECEIVABLES - continued

For the year ended September 30, 1997, the above aging schedule was used and individual accounts were reviewed to estimate the collectibility of the above accounts in accordance with generally accepted accounting principles.

The District has recorded \$205,000 in 1997 and \$185,000 in 1996 as an allowance for assessments adjudicated on these receivables.

NOTE 4 - DUE TO EPA

On February 17, 1993, the United States Environmental Protection Agency (EPA) issued an audit report regarding the District's construction grant for the Sewer Plant. The report requested a refund of \$100,400. The District plans on contesting certain areas of the report. Until a resolution of the audit is made, the District has accrued the entire claims as a liability. Beginning in September 1993, interest at 4% accrues on this claim. For the year ended September 30, 1997 and 1996, \$4,127 in interest was accrued for each year. Accrued interest at September 30, 1997 was \$18,680.

NOTE 5 - LONG-TERM DEBT

The following is a summary of bond transactions of the St. Tammany Parish Sewerage District No. 7 for the years ended September 30, 1996 and 1997.

Bonds payable at October 1, 1996	\$ 352,185
Bonds retired - 1996	<u>32,450</u>
Bonds payable at September 30, 1996	\$ 319,735
Bonds retired - 1997	<u>208,783</u>
Bonds payable at September 30, 1997	\$ <u>110,952</u>

Sewer Certificates

\$1,318,000 Sewer Certificates dated October 4, 1993; balance due in annual principal installments of \$-00-000 plus annual interest payment through June 1, 2005, with interest at 8-5/8%	\$ <u>1,318,000</u>
--	---------------------

NOTE 6 - CONTRIBUTED CAPITAL

A cumulative summary of the Enterprise Fund contributed capital is as follows:

Contributions in aid of construction from:	
Environmental Protection Agency	\$ 2,208,651
Property owners	\$ 4,011,321
Less depreciation on and write off of assets constructed substantially from funds supplied by contributions in aid of construction	(1,495,621)
Total	<u>\$ 4,724,351</u>

NOTES TO FINANCIAL STATEMENTS - continued
S.L. TARMAN PARISH SEWERAGE DISTRICT NO. 7
September 30, 1997 and 1996

NOTE 6 - CONTRIBUTED CAPITAL - continued

A summary of changes in the Enterprise Fund contributed capital is as follows:

Contributed capital at October 1, 1995	\$ 2,977,442
Depreciation - 1996	(331,021)
Contributed capital at September 30, 1996	\$ 2,746,421
Depreciation - 1997	(156,010)
Contributed capital at September 30, 1997	\$ <u>2,590,411</u>

NOTE 7 - BOARD OF SUPERVISORS MEETINGS

Attendance and payment for board of Supervisors meetings were as follows:

	Number of Meetings Attended		Payment	
	1997	1996	1997	1996
Robert A. Goll	10	10	\$ 580	\$ 580
Frank Skiles	12	11	8	8
Wm Catogano	11	7	550	350
Ernie Christie	12	5	600	400
Levi Mack	12	5	600	300
Totals			\$ 2,338	\$ 1,638

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and depreciation of assets, errors and omissions, injuries to employees, and natural disasters. The District purchases commercial insurance in amounts it believes sufficient to cover the risks of loss to which it is exposed.

NOTE 9 - ECONOMIC DEPENDENCY

The District is dependent on the services of the City of Slidell for treatment plant usage.

NEUBERGER, COOPER & GOVE

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**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL
CONTROL STRUCTURE BASED ON AN AUDIT OF THE
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors,
St. Tammany Parish Sewerage District No. 7
Covington, Louisiana

We have audited the general purpose financial statements of St. Tammany Parish Sewerage District No. 7 (the District), a component unit of St. Tammany Parish, State of Louisiana, as of and for the year ended September 30, 1997, and have issued our report thereon dated February 18, 1998.

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 general purpose financial statements are free of material misstatement.

The management of the District 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 practices 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 general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nonetheless 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 the District, for the year ended September 30, 1997, 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.

Our consideration of the internal control structure 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 significant condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statement 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 structure and its operation that we consider to be material weaknesses as defined above.

**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL
CONTROL STRUCTURE BASED ON AN AUDIT OF THE
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS - continued**

This report is intended solely for the use of management, the State of Louisiana and the Legislative Auditor for the State of Louisiana, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board of Supervisors, is a matter of public record.



NEUBERGER, COERVER, & GOETZ
Certified Public Accountants

February 15, 1988

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED
ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
St. Tammany Parish Sewerage District No. 7
Billeville, Louisiana

We have audited the general purpose financial statements of St. Tammany Parish Sewerage District No. 7 (the District), a component unit of St. Tammany Parish, State of Louisiana, as of and for the year ended September 30, 1997, and have issued our report thereon dated February 18, 1998.

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

Compliance with laws and regulations applicable to the District is the responsibility of the District's management. 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 provisions of laws and regulations. However, it should be noted that 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 Government Auditing Standards.

This report is intended solely for the use of management, the State of Louisiana and the Legislative Auditor for the State of Louisiana, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board of Supervisors is a matter of public records.



MELBURGER, ODGERY, & GOINS
Certified Public Accountants

February 18, 1998

HEUBURGER, COOPER & GOVE

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March 18, 1988

MANAGEMENT LETTER

**Board of Supervisors
St. Tammany Parish Sewerage District No. 7
Billet, Louisiana**

We wish to thank you and your staff for the cooperation we received during the audit of your financial statements.

During the audit of your financial statements, we did not note any reportable conditions that needed to be communicated to the audit committee.

The following items were mentioned in the audited financial statements for the year ended December 31, 1986 in letters dated November 27, 1986 by the prior auditors.

1. **Assessment Receivable - Inadequate reserve for doubtful accounts.** An aging schedule of the assessment receivables was prepared as of September 30, 1987. This schedule and the individual assessments receivables were reviewed during the year. Legal action was taken on several accounts and properly was noted. The allowance for doubtful accounts was increased based on the aging schedule and a review of the individual accounts. The allowance for doubtful accounts should be more than adequate now.
2. **Assessment on Park - State/Parish Park**
No payment has ever been made on this assessment and it will probably never be received without legal action. However, the allowance for doubtful accounts is more than adequate to cover this account.
3. **Computerized Assessments**
It was recommended that the assessment receivables be computerized. A software program was purchased and the employees are learning how to use it. The assessment receivables will be kept manually and also on the computer as soon as possible.
4. **EPA Claim**
The District is setting aside money to pay this claim. However, the District cannot actually reach a settlement until the EPA gets in touch with them.

We believe that satisfactory procedures were followed to clear up the recommendations made by the previous auditors.

Sincerely,



Frank L. Gove
HEUBURGER, COOPER & GOVE
Certified Public Accountants