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ST. TAMMANY PARISH GRANTY DRAINAGE DISTRICT NO. 2
COMPONENT UNIT FINANCIAL STATEMENTS
DECEMBER 31, 1993

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor or reviewed, entity and otherwise to its 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 JULY 27 1993

TABLE OF CONTENTS

	Page
INDEPENDENT ACCOUNTANT'S REPORT	3
COMPONENT UNIT FINANCIAL STATEMENTS	
<i>Balance Sheet - All Governmental Fund Types and Account Groups</i>	3
<i>Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types</i>	3
<i>Notes to Financial Statements</i>	4
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES FOR COMPLIANCE WITH LAWS AND REGULATIONS	9

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INDEPENDENT ACCOUNTANTS' REPORT

Board of Commissioners
St. Tammany Parish Gravity Drainage District No. 3
Covington, Louisiana

We have compiled the accompanying component unit financial statements that do not include a statement of revenues, expenditures, and changes in fund balance-budget and actual, for the general fund of the St. Tammany Parish Gravity Drainage District No. 3, as of December 31, 1997, and for the year then ended, as listed in the 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 of the St. Tammany Parish Gravity Drainage District No. 3. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The District's management did not prepare and legally adopt a budget for the general fund as required by state law and generally accepted accounting principles; therefore, the financial statements do not include a statement of revenues, expenditures, and changes in fund balance-budget and actual for the year ended December 31, 1997.

In accordance with standards established by the American Institute of Certified Public Accountants, we have also issued a report dated April 23, 1998 on applying agreed upon procedures for compliance with laws and regulations.


April 25, 1998

SKARDA & SILVA, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 3
BALANCE SHEET-GENERAL FUND
DECEMBER 31, 1997

ASSETS	
Cash and cash equivalents	<u>\$ 45,634</u>
	<u>\$ 45,634</u>
 LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts payable and accrued liabilities	<u>\$ 376</u>
	376
 Fund equity	
Fund balance	<u>45,258</u>
	<u>\$ 45,634</u>

See accompanying notes and accountant's report.

**ST. TAMMANY PARISH GRANTY BRAINAGE DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

REVENUES	
St. Tammany Parish Police Jury	\$ 151,542
Interest	<u>1,015</u>
	152,557
EXPENDITURES	
Compensation paid board members	483
Legal and professional	1,590
Office expenditures	1,289
Payroll taxes	274
Capital outlay	<u>78,229</u>
	82,865
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>69,692</u>
FUND BALANCE-BEGINNING OF YEAR	<u>0</u>
FUND BALANCE-END OF YEAR	<u>\$ 69,692</u>

See accompanying notes and accountant's report.

ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Tammany Parish Gravity Drainage District No. 3 (the "District") was established by Louisiana Revised Statutes 34:906 and Police Jury Ordinance PJO No. 91-1790 on July 31, 1993. The District's boundaries are within Precincts 302-A, 305 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 34:1701. 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 reelections or appointments thereafter will be for four-year terms. The four appointed commissioners elect the fifth member who serves as Chairman. The bodies making the original appointments are successors.

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. 3 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 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 assets and liabilities 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 criteria 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 burdens on the police jury.
- b) Organizations for which the police jury does not appoint a voting majority but is fiscally dependent on the police jury.

ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS

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

- 4) 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 component units 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.

1. 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 its reportable available financial resources.

Funds are divided 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 acquisitions, 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.

ST. TAMMANY PARISH GRAVITY BRAINAGE DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Account Groups

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

a) General Fund Asset Account Group

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

3. Budget Methods:

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 presently 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.

Those revenues of the District susceptible to accrual are:

4. Budget and Encumbrance Accounting

The budget for the general fund has not been prepared and legally adopted as required by state law and generally accepted accounting principles; 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.

ST. TAMMANY PARISH GRAVITY DRAINAGE DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS

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

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. 19:1171, 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 assets 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 acquisitions 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 its life 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 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.

9. Fund Equity

Designated reserves represent those portions of fund equity that have been segregated to maintain reserve plans for future resource use.

10. 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, 1997, the District has cash and cash equivalents (check balances) totaling \$0.6416. The District's cash was not in excess of the FDIC insurance during 1997. There were no funds invested during 1997.

SUPPLEMENTARY INFORMATION SCHEDULE

**INDEPENDENT ACCOUNTANT'S REPORT ON APLIERS
AGREED-UPON PROCEDURES FOR COMPLIANCE
WITH LAWS AND REGULATIONS**

Board of Commissioners
St. Tammany Parish Gravity Drainage District No. 1
Covington, Louisiana

We have performed the procedures listed in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the St. Tammany Parish Gravity Drainage District No. 1 and the Legislature, State of Louisiana, solely to assist the users in evaluating management's assertions on the District's compliance with certain laws and regulations during the year ended included in the accompanying Louisiana Anticipation/Declaration. 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 is solely the responsibility of the specified users of the report. Consequently, we make no representation as to 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. Review all expenditures made during the year for material and supplies exceeding \$5,000 and determine whether such purchases were made in accordance with LSA-RS 38:2211-2214 (the public law).

Three expenditures were made during the year for materials and supplies. We examined documentation which indicated that all of these expenditures had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2214.

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 41:1101-1124 (dispute of ethics) and a list of outside business interests of all board members and employees, as well as their immediate families.

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

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

The District did not retain any employees during 1991.

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

The District did not retain any employees during 1991.

SUBJECTING

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

The management of the District did not prepare and legally adopt an annual budget for the general fund. The preparation and legal adoption of an annual budget are required by state law and generally accepted accounting principles.

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

The management of the District did not prepare and legally adopt an annual budget for the general fund. The preparation and legal adoption of an annual budget are required by state law and generally accepted accounting principles.

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%.

The management of the District did not prepare and legally adopt an annual budget for the general fund. The preparation and legal adoption of an annual budget are required by state law and generally accepted accounting principles.

ACCOUNTING AND REPORTING

8. Randomly select 6 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 the payments 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

All of the payments were properly coded to the correct fund and general ledger account.

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

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the chairman of the Board of Commissioners. In addition, each of the disbursements was listed in the director's minute book where they were approved by the full commission.

MEETINGS

9. Examine evidence indicating that agenda for meetings recorded in the minute book were posted or advertised as required by LSA-RS-42:1 through 42:12 (the open meetings law).

The District is only required to post a notice of each meeting and the accompanying agenda in the door of the District's office building. Management has asserted that such documents were properly posted and we examined evidence supporting such assertion.

DEBIT

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 institutions.

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 institutions.

ADVANCES AND BENEFITS

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. There was no employment of the District retained during the year and noted no payments to the board of commissioners, 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 the St. Tammany Parish Drainage District No. 5 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and who are responsible for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


April 23, 1999