

2052

RECEIVED
LEGISLATIVE DIVISION
98 JUN 23 AM 10:04

OFFICIAL
FILE COPY
DO NOT SEND OUT
Please do not
remove this
copy and PLACE
BACK IN FILE

Financial Report
(Compiled)

*St. Tammany Parish Sewerage
District No. 4*

Mandeville, Louisiana

December 31, 1997

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: JUN 24 1998

TABLE OF CONTENTS

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

December 31, 1997

| | Exhibits | Page Number |
|---|----------|-------------|
| Accountant's Compilation Report | | 1 |
| Exhibits | | |
| Balance Sheet - Proprietary Fund Type - Enterprise | A | 2 |
| Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type - Enterprise | B | 3 |
| Statement of Cash Flows - Proprietary Fund Type - Enterprise | C | 4 |
| Notes to Financial Statements | D | 5 - 10 |
| Special Report Of Certified Public Accountants | | |
| Independent Accountant's Report On Applying Agreed-Upon Procedures | | 11 - 14 |
| Reports By Management | | |
| Management's Corrective Action Plan | | 15 |
| Louisiana Attestation Questionnaire - Management's Assertion | | 16 - 17 |



Bourgeois 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, 1997, 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
June 11, 1998.

BALANCE SHEET - PROPRIETARY FUND TYPE - ENTERPRISE

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

December 31, 1993

(See Accountant's Compilation Report)

ASSETS**Current**

| | |
|--|--------------|
| Cash | \$ 36,511 |
| Certificates of deposit | 108,979 |
| Receivable - charges for services | 14,371 |
| Due from other governmental entity - St. Tammany Parish Waterworks District No. 3 | 2,873 |
| Prepaid insurance | <u>1,173</u> |
| Total current assets | 163,907 |

Sewer System, Building and Equipment

(Net of \$73,212 accumulated depreciation) 133,600

Other Assets

Deposits 1,350

Total \$ 298,857

LIABILITIES AND FUND EQUITY**Current**

Accounts payable \$ 6,378

Commitments And Contingencies

-

Fund Equity

Contributed capital 40,000

Retained earnings - unreserved 252,379

Total fund equity 292,379

Total \$ 298,857

See notes to financial statements.

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

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

December 31, 1997

(See Accountant's Compilation Report)

| | |
|-----------------------------------|-------------------|
| Operating Revenues | |
| Charges for services | <u>\$ 105,540</u> |
| Operating Expenses | |
| Personal Services: | |
| Salaries and benefits | 3,741 |
| Per diem paid to commissioners | <u>2,940</u> |
| | <u>6,681</u> |
| Supplies and Materials: | |
| Maintenance and repairs | 58,337 |
| Chemicals | 2,059 |
| Office supplies and expense | <u>1,558</u> |
| | <u>61,954</u> |
| Outside Services: | |
| Utilities | 12,906 |
| Insurance | 1,779 |
| Professional fees | <u>1,200</u> |
| | <u>15,885</u> |
| Depreciation | <u>11,685</u> |
| Total operating expenses | <u>95,178</u> |
| Operating income | 10,162 |
| Nonoperating Revenues | |
| Interest income | <u>5,828</u> |
| Net income | 15,990 |
| Retained Earnings | |
| Beginning of year | <u>236,389</u> |
| End of year | <u>\$ 252,379</u> |
| 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, 1997

(See Accountant's Compilation Report)

| | |
|--|------------------|
| Cash Flows From Operating Activities | |
| Operating income | \$ 10,162 |
| Adjustments to reconcile operating income to cash provided by operating activities: | |
| Depreciation | 11,683 |
| Increase in receivables | (8,519) |
| Decrease in due from other governmental entity | 7,391 |
| Increase in deposits | (138) |
| Increase in accounts payable | 4,203 |
| Total adjustments | <u>14,328</u> |
| Net cash provided by operating activities | <u>24,490</u> |
| Cash Flows Used By Capital Activities | |
| Purchase of system improvements and construction-in-progress | <u>(57,882)</u> |
| Cash Flows From Investing Activities | |
| Interest earnings | 3,828 |
| Purchase of certificates of deposit | <u>(28,568)</u> |
| Net cash used by investing activities | <u>(24,740)</u> |
| Net decrease in cash | (34,124) |
| Cash | |
| Beginning of year | <u>70,615</u> |
| End of year | <u>\$ 36,511</u> |

See notes to financial statements.

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

December 31, 1997

(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.) 33:3881. 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 service provided by the District, the District is a separate governmental reporting entity. The District includes all funds, activities, or actions, 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 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 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 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 23 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, 1997, the District has cash and certificates of deposit as follows:

| | |
|-------------------------|------------------|
| Demand deposits | <u>\$26,511</u> |
| Certificates of deposit | <u>\$108,979</u> |

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.

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 FDIC/SLIC insurance and the market value of securities purchased and pledged to the political subdivisions. 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, 1997, the District's cash and certificates of deposits 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>1997</u> | Additions <u>1997</u> | Balance December <u>31, 1997</u> |
|-------------------------------|--------------------------------------|--------------------------|--|
| Land | \$ 5,000 | | \$5,000 |
| Sewerage plant | 69,178 | | 69,178 |
| Improvements | 91,210 | \$ 1,700 | 92,910 |
| Equipment | 3,542 | | 3,542 |
| Construction-in-progress | <u> </u> | <u>36,182</u> | <u>36,182</u> |
| Total | 168,930 | 37,882 | 206,812 |
| Less accumulated depreciation | <u>(61,689)</u> | <u>(11,600)</u> | <u>(73,289)</u> |
| Net | <u>\$107,241</u> | <u>\$26,282</u> | <u>\$133,523</u> |

Note 4 - CONTRIBUTED CAPITAL

Contributed capital of \$40,000, 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 those assets acquired with contributed capital.

Note 5 - COMMITMENTS AND CONTINGENCIES

The District received from the Louisiana Department of Environmental Quality (LDEQ), Office of Water Resources, Water Quality Management division a compliance order number WE-C-06-0002 dated February 18, 1997 in regard to various cited deficiencies. In order to comply with this order certain remedial actions were begun in 1997. Among those were the design and construction of a new sewerage treatment plant to replace the existing plant which will either be demolished or recycled as part of the new plant. Estimated cost for the design and construction of the new plant at December 31, 1997 were \$78,440 and \$577,500, respectively of which approximately \$38,182 of the design phases had been completed. In order to finance the construction cost of the new treatment plant and facilitate any additional remedial actions required by the compliance order, the District has applied to the Louisiana Department of Environmental Quality, Municipal Facilities Division for a loan not to exceed \$750,000. Under the laws and regulations applicable to such loans the LDEQ will take no action on the loan application until the consent period ends on June 23, 1998. Management is making every effort to achieve compliance with the order in a timely manner in accordance with the tentative project schedule as approved by LDEQ. However, LDEQ has not waived its right to seek civil penalties in any manner allowed by law.

Note 6 - PER DIEM PAID COMMISSIONERS FOR BOARD MEETINGS

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

| Commissioner | Number of Meetings Attended | Amount |
|----------------|-----------------------------|----------------|
| Daniel A. Doty | 7 | \$ 420 |
| Emile Johansen | 7 | 420 |
| Lucian Sathou | 12 | 720 |
| Tom Theriot | 8 | 480 |
| Eric Upton | 4 | 240 |
| Cliff Williams | 11 | 660 |
| Total | | <u>\$2,940</u> |

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**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 Governmental Audit Guide 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's compliance with certain laws and regulations during the year ended December 31, 1997 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 is solely 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.

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 42:1101-1124 (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 noted 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 those 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 (2).

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 1997.

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.

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 evidence 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 posted an annual notice of meetings stating the scheduled day and dates.

Debit

10. Examine bank deposits for the period under examination and determine whether any cash 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.

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 the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken 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.

Bourgeois Bennett, LLC.

Certified Public Accountants.

New Orleans, La.,
June 11, 1998.

REPORTS BY MANAGEMENT

MANAGEMENT'S CORRECTIVE ACTION PLAN

St. Tammany Parish Sewerage District No. 4

For the year ended December 31, 1997

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported from applying agreed-upon procedures for the year ended December 31, 1997.

No reportable conditions were reported from applying agreed-upon procedures for the year ended December 31, 1997.

Compliance

No compliance findings material to the financial statements from applying agreed-upon procedures were noted during the year ended December 31, 1997.

Section II Internal Control and Compliance Material To Federal Awards

Not applicable.

Section III Management Letter

None.

APPENDIX F. LOUISIANA ATTESTATION QUESTIONSNAIRE

*St. Tammany Parish
Savoy 04-94*

April 30, 1998 Date

Bevignis Dennis, S.J.C.
111 Westchase Blvd., Suite 800
Metairie, LA 70002

(Auditor)

In connection with your compilation of our financial statements as of December 31, 1997 and for the period then ended, and as required by Louisiana Revised Statute 24:201 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of April 30, 1998 (date).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1104.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1118.

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 38:1581-14) or the budget requirements of LSA-RS 38:43.

Yes No

Accounting and Reporting

Louisiana Governmental Audit Guide

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:21, and 44:36.

Yes No

We have filed our annual financial statements in accordance with LSA-RS 24:214, 24:482, and/or 28-82, as applicable.

Yes No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:813.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Debt

It is true we have not incurred any indebtedness, other than interest for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VI, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 58 of the 1904 Louisiana Constitution, and LSA-RS 47:1415.80.

Yes No

Yes No


Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VI, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-129.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

| | | | |
|--|-----------|---------|------|
|  | Secretary | 4/16/98 | Date |
|  | Treasurer | 4/14/98 | Date |
|  | President | 4/14/98 | Date |

Note-Quasi-public entities should delete reference to the above statutes, unless required to follow such laws by contract with their public funding agencies. The quasi-public entities should include a representation that they have complied with the contractual provisions under which they have received state and/or local funds.