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Financial Report

(Compiled)

St. Tammany Parish Sewerage

District No. 4

Mandeville, Louisiana

December 31, 1995

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 SEP 11 1996

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December 31, 1995

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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, 1995, 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.,
May 31, 1996.

BALANCE SHEET - PROPRIETARY FUND TYPE - ENTERPRISE**St. Tammany Parish Sewerage District No. 4**
Mandeville, Louisiana

December 31, 1995

(See Accountant's Compilation Report)

ASSETS**Current**

Cash	\$ 81,304
Certificates of deposit	81,287
Receivable - charges for services	5,808
Due from other governmental entity - St. Tammany Parish Waterworks District No. 3	29,318
Prepaid insurance	<u>1,162</u>

Total current assets	198,879
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Sewer System, Building and Equipment -
(Net of \$54,265 accumulated depreciation)

78,695

Other Assets

Deposits	<u>1,500</u>
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Total	<u>\$279,074</u>
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LIABILITIES AND FUND EQUITY**Current Liabilities**

Accounts payable	<u>\$ 1,447</u>
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Fund Equity

Contributed capital	40,000
Retained earnings - unreserved - undesignated	<u>237,627</u>

Total fund equity	<u>277,627</u>
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Total	<u>\$279,074</u>
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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**

For the year ended December 31, 1995

(See Accountant's Compilation Report)

Operating Revenues	
Charges for services	<u>\$ 64,323</u>
Operating Expenses	
Personal Services:	
Salaries and benefits	2,778
Per diem paid commissioners	<u>1,740</u>
	<u>4,518</u>
Supplies and Materials:	
Maintenance and repairs	29,528
Chemicals	2,121
Office supplies and expense	<u>1,291</u>
	<u>32,940</u>
Outside Services:	
Utilities	9,704
Licenses and fees	2,134
Insurance	1,874
Professional services	<u>1,300</u>
	<u>15,012</u>
Depreciation	<u>5,655</u>
Total operating expenses	<u>58,125</u>
Operating income	6,198
Nonoperating Revenue	
Interest income	<u>6,550</u>
Net income	12,748
Retained Earnings	
Beginning of the year	<u>224,879</u>
End of the year	<u>\$237,627</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, 1995

(See Accountant's Compilation Report)

Cash Flows From Operating Activities

Operating income	<u>\$ 6,198</u>
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation	5,655
Decrease in receivables	1,186
Decrease in due from other governmental entity	2,736
Decrease in prepaid insurance	96
Decrease in accounts payable	<u>(1,399)</u>
Total adjustments	<u>8,274</u>
Net cash provided by operating activities	<u>14,472</u>

Cash Flows Used For Capital Activities

Additions to sewer system	<u>(7,989)</u>
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Cash Flows From Investing Activities

Receipt of interest	6,550
Purchase of certificate of deposit	<u>(1,102)</u>
Net cash provided by investing activities	<u>5,448</u>

Net increase in cash 11,931

Cash

Beginning of year	<u>69,373</u>
End of year	<u>\$81,304</u>

See notes to financial statements.

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

December 31, 1995

(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, et cetera, 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 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 accounts and short-term investments (three months or less) in certificates of deposit.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 1995, the district has cash and certificates of deposit as follows:

Demand deposits	<u>\$81,304</u>
Certificates of deposit	<u>\$81,287</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.

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 December 31, 1995, 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>1995</u>	Additions <u>1995</u>	Balance December <u>31, 1995</u>
Land	\$ 5,000		\$ 5,000
Sewerage plant	69,178		69,178
Improvements	47,251	\$ 7,989	55,240
Equipment	<u>3,542</u>	<u> </u>	<u>3,542</u>
Total	124,971	7,989	132,960
Less accumulated depreciation	<u>(48,610)</u>	<u>(5,655)</u>	<u>(54,265)</u>
Net	<u>\$ 76,361</u>	<u>\$ 2,334</u>	<u>\$ 78,695</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 - PER DIEM PAID COMMISSIONERS FOR BOARD MEETINGS

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

<u>Commissioner</u>	<u>Number of Meetings Attended</u>	<u>Amount</u>
Daniel A. Doty	5	\$ 300
Robert Franklin	7	420
Gerald Gibson	1	60
Jack MacEachern	7	420
Tom Theriot	4	240
James Wheelen	5	<u>300</u>
Total		<u>\$1,740</u>

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

INDEPENDENT ACCOUNTANT'S
REPORT ON COMPLIANCE BASED ON AN
EXAMINATION OF MANAGEMENT'S ASSERTION

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

We have examined management's assertion about St. Tammany Parish Sewerage District No. 4 (the District) compliance with certain laws and regulations during the year ended December 31, 1995 included in the accompanying Louisiana Attestation Questionnaire. Management is responsible for St. Tammany Parish Sewerage District No. 4 compliance with those laws and regulations. Our responsibility is to express an opinion on management's assertion about the District's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and accordingly included examining, on a test basis, evidence about St. Tammany Parish Sewerage District No. 4's compliance with those laws and regulations and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on St. Tammany Parish Sewerage District No. 4's compliance with those laws and regulations.

In our opinion, management's assertion on certain laws and regulations as responded to in the accompanying Louisiana Attestation Questionnaire, that except for noncompliance with the provisions of the Open Meetings Law as provided in RS42:1 through 42:12, the District complied with the aforementioned laws and regulations for the year ended December 31, 1995 is fairly stated, in all material respects.

As discussed in management's assertion, during the year ended December 31, 1995 the District failed to provided notice of meetings as required by RS 42:1 though 42:12. We have been informed by management they have asked their attorney to assist them in interpretation of the requirements applicable to them and will immediately take whatever action is necessary to rectify this noncompliance.

This report is intended solely for Management, the Board of Commissioners, the State of Louisiana and the Legislative Auditors for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
May 31, 1996.