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ST. TAMMANY PARISH SEWERAGE
DISTRICT NO. 1
Covington, Louisiana

FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

December 31, 1998 and 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 JUL 14 1999

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Angela J. Parker, CPA

A Professional Accounting Corporation

To the Management of
St. Tammany Parish Sewerage District No. 1
Covington, Louisiana

I have compiled the accompanying balance sheets of St. Tammany Parish Sewerage District No. 1 as of December 31, 1998 and 1997, and the related statements of revenues, expenses, and retained earnings and cash flows for the two years then ended as listed in the foregoing table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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



Angela J. Parker
Certified Public Accountant

June 17, 1999

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

BALANCE SHEETS

DECEMBER 31, 1998 AND 1997

ASSETS	<u>1998</u>	<u>1997</u>
Current Assets		
Cash and cash equivalents (Note 2)	\$468,896	\$446,152
Revenues Receivable - Charges for services	6,466	7,208
Receivables - Other (Note 3)	-	980
Accrued interest	1,639	1,667
	-----	-----
Total Current Assets	477,001	456,007
Property, plant and equipment (net of accumulated depreciation) (Note 4)	314,044	314,582
	-----	-----
TOTAL ASSETS	\$791,045	\$770,589
	=====	=====
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$0	\$0
Fund Equity - retained earnings - unreserved	791,045	770,589
	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$791,045	\$770,589
	=====	=====

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
OPERATING REVENUES		
Charges for services	\$87,557	\$87,751
OPERATING EXPENSES		
Bad debts	-	-
Bank charges	196	180
Personal services	4,599	3,325
Office supplies and expenses	982	460
Insurance	1,713	1,878
Utilities	10,547	10,866
Professional services	1,200	1,200
Depreciation	26,105	24,139
Taxes	438	1,184
Postage	706	793
Licenses & Fees	666	-
Miscellaneous	235	198
Repairs & Maintenance	34,244	27,131
	-----	-----
Total operating expenses	81,631	71,354
OPERATING INCOME	5,926	16,397
NON OPERATING REVENUES		
Interest Income	14,530	16,458
	-----	-----
NET INCOME	20,456	32,855
RETAINED EARNINGS AT BEGINNING OF YEAR	770,589	737,734
RETAINED EARNINGS AT END OF YEAR	\$791,045	\$770,589
	=====	=====

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Cash received from user fees	\$88,502	\$87,365
Cash payments for operating expenses	(54,748)	(45,525)
	-----	-----
Net cash provided by operating expenses	33,754	41,840
Cash flows from capital and related financing activities - acquisition and construction of capital assets	(25,567)	(16,923)
Cash flows from investing activities - receipt of interest	14,557	16,263
	-----	-----
Net increase (decrease) in cash and cash equivalents	22,744	41,180
Cash and cash equivalents at beginning of year	446,152	404,972
	-----	-----
Cash and cash equivalents at end of year	\$468,896	\$446,152
	=====	=====
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$5,926	\$16,397
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	26,105	24,139
Decrease/(Increase) in revenues receivable	743	(465)
Decrease/(Increase) in receivables-other	980	1,769
	-----	-----
Net cash provided by operating activities	\$33,754	\$41,840
	=====	=====

ST. TAMMANY PARISH SEWERAGE

DISTRICT NO. 1
Covington, Louisiana

NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

The St. Tammany Parish Sewerage District No. 1 was created by the St. Tammany Parish Police Jury, as provided by Louisiana Revised Statute (L.S.A.-R.S.) 33:3881. The sewerage district is governed by a five-member board of commissioners appointed by the police jury. The board of commissioners receive no compensation for their services and the sewerage district has no full-time employees. The sewerage district is responsible for maintaining and operating the sewerage system within the boundaries of the sewerage district.

The sewerage district has one sewer treatment plant capable of handling 340,000 gallons of raw sewerage each day. The district covers approximately 466 acres and serves approximately 400 customers. The district has accomplished its mission by charging a point service discharge fee ranging from \$4 at its inception to a current fee of \$29 instead of having a tax millage to support operations. This plant was designed and built to take care of 400 people anticipated to live in Country Club Estates.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of St. Tammany Parish Sewerage District No. 1 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 government 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 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.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Notes to the Financial Statements, continued

C. FUND ACCOUNTING

The district uses a fund (Enterprise Fund) to report on its financial position and the results of its operations and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is separate accounting entity with a self-balancing set of accounts. The Enterprise Fund accounts for activities similar to those found in the private sector where the intent of the governing body is that the cost (expenses, including depreciation and amortization) of providing services on a continuing 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. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. The accrual basis of accounting is used by the Enterprise Fund. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in interest bearing demand deposits and certificates of deposit. Under state law, the sewerage district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Accumulated depreciation and amortization are reported on the balance sheet. Depreciation is computed using the straight line method over the estimated useful lives of 40 years.

G. LONG-TERM OBLIGATION

The sewerage district has no long-term obligations at December 31, 1998 and 1997.

H. VACATION AND SICK LEAVE 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 or provide any post-retirement benefits.

2. CASH AND CASH EQUIVALENTS

At December 31, 1998 and 1997, respectively, the district has cash (book balances) totaling \$127,095 and \$108,965 in interest bearing demand deposit accounts and \$341,802 and \$337,188 in certificates of deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Notes to the Financial Statements, continued

The district uses a common bookkeeper in conjunction with the St. Tammany Parish Water District No. 3 and the St. Tammany Parish Sewerage District No. 4 of which the districts use a common checking account in the name of St. Tammany Parish Water District No. 3. The St. Tammany Parish Sewerage District No. 1 had a balance as of December 31, 1998 and 1997, respectively of \$28,831 and \$20,645 due from the St. Tammany Parish Water District No. 3.

3. RECEIVABLES - OTHER

There were other accounts receivables as of December 31, 1998 and 1997 of \$-0- and \$980, respectively. This receivable represents a credit balance with Bartlett Chemicals, Inc. for returnable cylinders.

4. CHANGES IN FIXED ASSETS

A summary of changes in fixed assets and related depreciation follows:

	<u>Land</u>	<u>Improvements</u>	<u>Total</u>
Balance at December 31, 1996	\$780	\$612,238	\$613,018
Additions - 1997	-0-	16,923	16,923
	-----	-----	-----
Balance at January 1, 1998	780	629,161	629,941
Additions - 1998	-0-	25,567	25,567
Less - Accumulated Depreciation	n/a	(341,464)	(341,464)
	-----	-----	-----
Balance at December 31, 1998	\$780	\$313,264	\$314,044
	-----	-----	-----

5. LEASES

The sewerage district has no capital or operating leases at December 31, 1998 and 1997.

6. LITIGATION

The sewerage district is not involved in any litigation at December 31, 1998.

Angela J. Parker, CPA

A Professional Accounting Corporation

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Management of
St. Tammany Sewerage District No. 1
Covington, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the Management of St. Tammany Sewerage District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about St. Tammany Sewerage District No. 1's compliance with certain laws and regulations during the periods ending December 31, 1998 and 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, I 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 \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No one expenditure was made during the two years for materials and supplies exceeding \$15,000, and no one expenditure was made for public works exceeding \$100,000.

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 interests of all board members and employees, as well as their immediate families.

Management provided me with a written document stating none of the immediate family of any of the board members ever have accepted anything of value in violation of LSA-RS 42:1101-1124, nor have they been employed by the district in violation of LSA-RS 42:1101-1124.

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

Mrs. Mary Jane VanSickle is a part-time bookkeeper employed by the Sewerage District No. 3 and part of her cost is charged to the Sewerage District No. 1. There are no full-time employees of the Sewerage District No. 1.

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.

Management has stated in a written document to me that Mrs. Mary Jane VanSickle, an employee of Sewerage District No. 3, is not an immediate family member of any board member.

Budgeting

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

Management provided me with a copy of the original budget. There were no amendments to the budget during the year.

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

Management furnished me with a copy of the minute book and the budget was adopted unanimously. No amendments were made to the budget during the year.

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

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the years did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select 12 disbursements made during the period under examination and:

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

I examined supporting documentation for each of the twelve disbursements and found that payment was for the proper amount and made to the correct payee on all disbursements except for one license renewal where the paperwork was not available.

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

I examined the twelve selected disbursements and found they were properly coded to the correct general ledger account.

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

I examined the twelve selected disbursements one computer software invoice was not approved. All other disbursements were properly approved.

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 (the open meetings law).

There was no written evidence found indicating that the Sewerage District No. 1 properly posted agendas for meetings. However, management has indicated to me that they posted a public notice of meetings and times and informed all persons having questions or correspondence with the board of meeting times and dates and invited them to attend.

Debt

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

I 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, advance, or gifts.

There were no employees of the Sewerage District No. 1 for the period under examination.

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

This report is intended solely for the use of management of St. Tammany Sewerage District No. 1 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.



Angela J. Parker
Certified Public Accountant

June 17, 1999

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

June 17, 1999 (Date Transmitted)

Angela J. Parker, CPA, APAC

P.O. Box 385

Mandeville, LA 70470-0385

(Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 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 regulation 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 June 17, 1999 (date of completion/representations).

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 42:1101-1124.

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 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

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, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [x] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [x] No []

Meetings

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

Yes [x] No []

Debt

It is true we have not incurred any indebtedness, other than credit 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 VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [x] No []

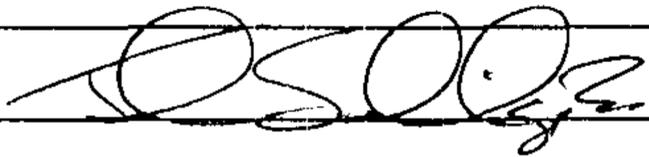
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [x] 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 _____	_____	Date
	Treasurer	6/17/99	Date
	President _____	_____	Date