ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 4

Financial Statements with Supplementary Information

December 31, 2025

(With Independent Accountant's Review Report Thereon)

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 4

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GRIFFIN & FURMAN LLC
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Society of Louisiana CPAs

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Independent Accountant's Review Report

Board of Commissioners
St. Tammany Parish Sewerage District No. 4
Covington, Louisiana

We have reviewed the accompanying financial statements of the business-type activities of St. Tammany Parish Sewerage District No. 4 (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management of the District is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made for the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our review.

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Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head and schedule of compensation paid to board members are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Griffin & Furman, LLC

Covington, Louisiana

June 30, 2026

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 4

Statement of Net Position

December 31, 2025

(See Independent Accountant's Review Report)

Assets				
Current Assets:				
Cash	$	73,262		
Due from other governmental entity - St. Tammany Parish Waterworks District No. 3		59,004		
Revenue receivables - charges for services		19,566		
Prepaid insurance		9,567		
Total current assets				161,399
Non-Current Assets:				
Capital assets, net of accumulated depreciation		5,005		
Total non-current assets				5,005
Total assets			$	166,404
Liabilities and Net Position				
Current Liabilities:				
Accounts payable	$	20,071		
Total current liabilities				20,071
Total liabilities				20,071
Net Position:				
Net investment in capital assets		5,005		
Unrestricted		141,328		
Total net position				146,333
Total liabilities and net position			$	166,404

See accompanying notes to the financial statements

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 4

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended December 31, 2025

(See Independent Accountant's Review Report)

Operating Revenues:			
Charges for services	$	221,697	
Late fees received		2,495	
Administrative fees for new users		800	
Total operating revenues			224,992
Operating Expenses:			
Repairs and maintenance		164,025	
Utilities		23,738	
Professional services		20,749	
Insurance		14,865	
Board per diem		7,200	
Licenses and permits		2,000	
Postage		1,104	
Office supplies		656	
Total operating expenses			234,337
Operating loss			(9,345)
Non-operating revenues:			
Interest income		163	
Total non-operating revenues			163
Change in net position			(9,182)
Net position, beginning of year			155,515
Net position, end of year		$	146,333

See accompanying notes to the financial statements

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 4

Statement of Cash Flows

For the Year Ended December 31, 2025

(See Independent Accountant's Review Report)

Cash flows from operating activities:		
Cash received from customers	$ 186,839	
Cash payments to suppliers for goods and services	(208,866)	
Cash payments to board members	(7,200)	
Net cash used by operating activities		(29,227)
Cash flows from investing activities:		
Interest received	163	
Net cash provided by investing activities		163
Net decrease in cash		(29,064)
Cash at beginning of year		102,326
Cash at end of year		$ 73,262
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss		$ (9,345)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Increase in accounts payable	18,271	
Increase in due from other governmental entity	(38,153)	
Total adjustments		(19,882)
Net cash provided by operating activities		$ (29,227)

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

St. Tammany Parish Sewerage District No. 4 (the District) was established by the St. Tammany Parish Police Jury on October 27, 1960, as provided by Louisiana Revised Statute (R.S.) 33:3885. The District owns and operates a sewerage system serving approximately 390 customers within its service area. The governing board is made up of five commissioners who serve four-year terms and are residents of and own real estate in the District. Four commissioners are appointed by the St. Tammany Parish Council and one is appointed by the Parish President.

(b) Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Tammany Parish Government is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance 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 Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability, including:

1. Appointing a voting majority of an organization's governing body, and
   a. The ability of the parish government to impose its will on that organization, and/or
   b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.
3. Organizations for which the reporting entity financial statements would be misleading if the organization's data is not included because of the nature or significance of the relationship.

Because the parish government appoints the District's governing body, the District was determined to be a component unit of the St. Tammany Parish Government, 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 parish government,

the general government services provided by that governmental unit, or the other governmental units that comprise that financial reporting entity.

(c) <u>Basis of Presentation</u>

Fund Financial Statements

The District's funds are organized on the basis of proprietary fund accounting used by governmental entities. The proprietary fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

(d) <u>Measurement Focus and Basis of Accounting</u>

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary 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 statement of net position.

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

In accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 63, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

1. **Net Investment in Capital Assets – This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisitions, construction, or improvement of those assets, plus deferred outflows of resources, less deferred inflows of resources, related to those assets.**

2. **Restricted – This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.**

3. **Unrestricted – All other net position is reported in this category**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District consist of charges for sewer services. Operating expenses include the cost of sewer services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

(e) Financial Statements

GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for proprietary funds. For these governments, basic financial statements and required supplementary information (RSI) consist of:

1. **Management's discussion and analysis (MD&A). (The District's management has not presented MD&A that the GASB has determined to be required to supplement, although not required to be part of, the basic financial statements.)**
2. **Statement of net position**
3. **Statement of revenues, expenses, and changes in net position**
4. **Statement of cash flows**
5. **Notes to the financial statements**
6. **RSI, if applicable**

The District is a special-purpose government engaged only in business-type activities.

(f) Cash

Cash includes amounts in interest-bearing and non-interest-bearing demand deposits. The District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state of the union or the laws of the United States.

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. R.S. 39:1225 provides that the amount of security shall at all times be equal to 100% of the amount on deposit to the credit of each depository authority, except that portion of the deposit insured by the United States of America.

State law also allows the District to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government–backed securities. If the original maturities of investments are less than 90 days, they are classified as cash equivalents. At December 31, 2025, the District had no cash equivalents.

(g) Revenue Receivables - Charges for Services

The District 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. Management evaluates outstanding receivables periodically and records an allowance for credit losses based on historical collection experience, current economic conditions, and other relevant factors. At December 31, 2025, management determined that no allowance for credit losses was necessary.

(h) Capital Assets

All capital assets of the proprietary fund are recorded at historical cost. The depreciation of all exhaustible capital assets is charged as an expense against operations. Pre-construction costs are associated with the development of the sewer system, including engineering, legal, and interest costs; these are capitalized and will be depreciated over their useful lives using the straight-line method.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets as applicable.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment and sewerage system improvements	**10-15 years**
Sewerage system	**25 years**

(i) Federal Income Tax

The District is not subject to federal income taxes in accordance with Internal Revenue Code (IRC) Section 115 regarding income of states, municipalities, political subdivisions, etc.

(j) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 those estimates.

(2) Cash

At December 31, 2025, cash consisted of the following:

Demand deposits	$ 73,262

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits might not be recovered. The District's deposit policy for custodial credit risk conforms to state law as described in Note 1. At December 31, 2025, the District's deposit bank balances of $87,482 were not subject to custodial risk.

(3) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2025 are as follows:

	Balance January 1, 2025	Increases	Decreases	Balance December 31, 2025
Capital assets not being depreciated:				
Land	$ 5,005	-	-	$ 5,005
Total capital assets not being depreciated	5,005	-	-	5,005
Capital assets being depreciated:				
Sewerage system	88,625	-	-	88,625
Equipment and sewerage system improvements	96,263	-	-	96,263
Total capital assets being depreciated	184,888	-	-	184,888
Less accumulated depreciation for:				
Sewerage system	(88,625)	-	-	(88,625)
Equipment and sewerage system improvements	(96,263)	-	-	(96,263)

Total accumulated depreciation	(184,888)	-	-	(184,888)
Total capital assets being depreciated, net	5,005	-	-	5,005
Capital assets, net	$ 5,005	-	-	$ 5,005

The District did not have any depreciation expense for the year ended December 31, 2025.

(4) Revenue Receivables – Charges for Services

For the year ended December 31, 2025, the District's revenue receivables - charges for services consisted of the following:

Charges for service	$ 19,566
Less: allowance for credit losses	-
Total	$ 19,566

(5) Due from Other Governmental Entity – St. Tammany Parish Waterworks District No. 3

The District uses St. Tammany Parish Waterworks District No. 3 as its billing and collection agent for sewerage fees. Sewerage fees collected that had not been remitted to the District at December 31, 2025 were $59,004.

(6) Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District attempts to minimize risk from significant losses through the purchase of commercial insurance. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Related Party Transactions

During the year ended December 31, 2025, the District paid $19,030 to a company owned by a member of the Board of Commissioners for repairs to the sewerage system. The services were performed in the ordinary course of business and the payments were approved by the Board of Commissioners.

(8) Subsequent Events

The District evaluated subsequent events through June 30, 2026, the date on which the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 4

Schedule of Compensation, Benefits, and Other Payments to Agency Head

For the Year Ended December 31, 2025

(See Independent Accountant's Review Report)

Agency Head Name: **William M. Bartlett, Jr.**

Purpose	Amount
Per Diem	$ 1,800

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 4

Schedule of Compensation Paid to Board Members

For the Year Ended December 31, 2025

(See Independent Accountant's Review Report)

Board Member		Amount
Brian Swindell	$	1,800
William M. Bartlett, Jr.		1,800
Thaddeus Kilpatrick		1,800
Richard Mecom		1,800
	$	7,200

Schedule of Findings and Management Corrective Action Plan

For the Year Ended December 31, 2025

Not applicable.

Status of Prior Year Findings

December 31, 2025

Not applicable.

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners of
St. Tammany Parish Sewerage District No. 4
Covington, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) agreed-upon procedures applicable to review attestations (AUPs) for the fiscal period January 1, 2025 through December 31, 2025. St. Tammany Parish Sewerage District No. 4's management is responsible for those C/C areas identified in the AUPs.

St. Tammany Parish Sewerage District No. 4 (the District) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's AUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Public Bid Law

1. **Select all expenditures made during the year for material and supplies exceeding $60,000 or public works exceeding $250,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 36:1755 (the state procurement code), whichever is applicable.**

   Results: **Not applicable. There were no expenditures for material and supplies exceeding $60,000, and there were no public works exceeding $250,000.**

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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 R.S. 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.**

   Results: **Not applicable. The District has no employees.**

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

   Results: **Not applicable. The District has no employees.**

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

   Results: **Not applicable. The District has no employees.**

Budgeting

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

   Results: **Not applicable. The District is not subject to any budgetary laws.**

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

   Results: **Not applicable. The District is not subject to any budgetary laws.**

7. **Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budgeted amounts by 5% or more. (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditure-driven—primarily federal funds). For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures to determine if actual expenditures exceed budgeted amounts by 10% or more per category or 5% or more in total.**

   Results: **Not applicable. The District is not subject to any budgetary laws.**

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, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.**

   Results: **Procedure performed without exception.**

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S 42:11 through 42:28 (the open meetings law).

Results: **Procedure performed without exception.**

Debt

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 indebtedness.

Results: **Procedure performed without exception.**

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

Results: **Not applicable. The District has no employees.**

Prior-Year Comments

12. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Results: **Not applicable. There were no prior-year suggestions, recommendations, and/or comments.**

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the AUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the AUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Griffin & Furman, LLC

Covington, Louisiana

June 30, 2026