

**ST. TAMMANY PARISH  
DRAINAGE DISTRICT NO. 4**

Compiled Financial Statements  
and  
Independent Accountant's Compilation Report

December 31, 2017



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## **Independent Accountant's Compilation Report**

To the Board of Commissioners  
St. Tammany Parish Drainage District No. 4  
Slidell, Louisiana

Management is responsible for the accompanying financial statements of the governmental activities and the major fund of St. Tammany Parish Drainage District No. 4 (the District) as of and for the year ended December 31, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the accompanying financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

### **Supplementary Information**

The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the representation of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

### **Required Supplementary Information**

Management has elected to omit the management's discussion and analysis and budgetary comparison information ordinarily included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted statements were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

**Other Matters**

Management has elected to omit substantially all of the disclosures required in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
June 25, 2018

**BASIC FINANCIAL STATEMENTS**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4**  
**Statement of Net Position**  
**December 31, 2017**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 129,454
Accounts Receivable	156,081
Deposits	973
Capital Assets, Net of Accumulated Depreciation	<u>2,164,098</u>
<b>Total Assets</b>	<u>2,450,606</u>
<b>Liabilities</b>	
Accrued Expenses	1,518
Due to the State of Louisiana	<u>53,848</u>
<b>Total Liabilities</b>	<u>55,366</u>
<b>Net Position</b>	
Net Investment in Capital Assets	2,164,098
Unrestricted	<u>231,142</u>
<b>Total Net Position</b>	<u><u>\$ 2,395,240</u></u>

See independent accountant's compilation report.

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

<b>Activities</b>	<b>Expenses</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expense) Revenues and Change in Net Position <u>Governmental Activities</u></b>
<b>Governmental Activities</b>			
Drainage	\$ 277,659	\$ 26,907	\$ (250,752)
<b>Total Governmental Activities</b>	<u>\$ 277,659</u>	<u>\$ 26,907</u>	<u>(250,752)</u>
<b>General Revenues</b>			
Parcel Fee Revenue			165,880
Earnings on Investments			425
Other Income			<u>1,092</u>
<b>Total General Revenues</b>			<u>167,397</u>
<b>Change in Net Position</b>			(83,355)
<b>Net Position, Beginning of Year</b>			2,362,012
<b>Prior Period Adjustment</b>			<u>116,583</u>
<b>Net Position, End of Year</b>			<u>\$ 2,395,240</u>

See independent accountant's compilation report.

**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUND**

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4**  
**Balance Sheet**  
**Governmental Fund**  
**December 31, 2017**

	<b>General Fund</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 129,454
Parcel Fee Tax Receivable	156,081
Deposits	<u>973</u>
<b>Total Assets</b>	<b><u>\$ 286,508</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	
<b>Liabilities</b>	
Accrued Expenses	1,518
Due to the State of Louisiana	<u>53,848</u>
<b>Total Liabilities</b>	<b><u>55,366</u></b>
<b>Deferred Inflows of Resources</b>	
Unavailable Parcel Fee Revenue	<u>3,060</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>3,060</u></b>
<b>Fund Balance</b>	
Unassigned	<u>228,082</u>
<b>Total Fund Balance</b>	<b><u>228,082</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b><u>\$ 286,508</u></b>

**Amounts reported for governmental activities in the statement  
of net position are different because:**

Total Fund Balance	\$ 228,082
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	2,164,098
Deferred inflows - unavailable parcel fee revenue is not reported on government-wide financial statements.	<u>3,060</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 2,395,240</u></b>

See independent accountant's compilation report.

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4**  
**Statement of Revenues, Expenditures, and Change in Fund Balance**  
**Governmental Fund**  
**For the Year Ended December 31, 2017**

	<b>General Fund</b>
<b>Revenues</b>	
Parcel Fee Revenue	\$ 163,357
FEMA Reimbursement	26,907
Earnings on Investments	425
Other Income	<u>1,092</u>
<b>Total Revenues</b>	<u>191,781</u>
<b>Expenditures</b>	
Drainage	
Professional Services	40,763
Repairs and Maintenance	94,498
Salaries	31,400
Rent	7,200
Utilities	9,193
Fuel	6,584
Other	3,147
Taxes and Licenses	2,865
Insurance	4,532
Payroll Taxes	2,536
Office Supplies	<u>636</u>
<b>Total Expenditures</b>	<u>203,354</u>
<b>Net Change in Fund Balance</b>	(11,573)
<b>Fund Balance, Beginning of Year</b>	123,072
<b>Prior Period Adjustment</b>	<u>116,583</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 228,082</u></u>

See independent accountant's compilation report.

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Change in Fund Balance of the**  
**Governmental Fund to the Statement of Activities**  
**For the Year Ended December 31, 2017**

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**Amounts reported for governmental activities in the statement  
of activities are different because:**

Net Change in Fund Balance - Total Governmental Fund \$ (11,573)

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

(74,305)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds - change in unavailable parcel fee revenue.

2,523

**Change in Net Position of Governmental Activities**

\$ (83,355)

See independent accountant's compilation report.

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2017**

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**Agency Head**  
Wayne Espat

<b>Purpose</b>	<b>Amount</b>
Salary	\$9,600
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$780
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent accountant's compilation report.

## **AGREED-UPON PROCEDURES REPORT**

St. Tammany Parish Drainage District No. 4

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period of January 1, 2017 - December 31, 2017**

To the Board of Commissioners  
St. Tammany Parish Drainage District No. 4

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of St. Tammany Parish Drainage District No. 4 (the District), a component unit of St. Tammany Parish, Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the period of January 1, 2017 through December 31, 2017, in accordance with Act 774 of 2014 Regular Legislative Session. The sufficiency of these procedures is solely the responsibility of the District and the Legislative Auditor. 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.

Our procedures and associated results are as follows:

### ***Written Policies and Procedures for Governmental Entity***

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Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable to public funds:

- a) Budgeting, including preparing, adopting, monitoring, and amending the budget

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) Disbursements, including processing, reviewing, and approving
- d) Receipts, including receiving, recording, and preparing deposits
- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) Bank Reconciliations, including (1) monthly bank statement reconciliations, (2) review of all bank reconciliations by someone independent of cash receipt and disbursement functions, and (3) process for addressing items outstanding for more than 6 months.

Results: The District's policies and procedures did not address monitoring or amending the budget. There were no exceptions found in the credit card policy. The District's ethics policy did not mention prohibitions as defined in Louisiana Revised Statute or monitoring violations. They did not have policies relating to purchasing, disbursements, receipts, payroll and personnel, contracting, traveling, or bank reconciliations.

Management's Response: The District agrees with this finding and is going to review and update these policies and adopt the recommended changes as mentioned.

## ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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1. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We obtained management's representation that the listing provided is complete.

2. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: We noted that one statement tested lacked supporting documentation that it was reviewed and approved in writing by someone other than the authorized card holder.

We also noted that there was a finance fee on one of the samples tested.

Management's Response: The District agrees with these findings and that management will implement procedures to ensure that all statements will contain support that the statement was reviewed and approved in writing by someone other than the authorized card holder. The District will also ensure payments are made timely to limit any finance fees.

3. Using the monthly statements or combined statements selected under #2 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
  - a) For each transaction, report whether the transaction is supported by:
    - An original itemized receipt (or equivalent documentation for fuel card purchases). In the absence of an original itemized receipt, equivalent documentation is acceptable for fuel card purchases only. Acceptable forms of equivalent documentation would include evidence that the authorized card holder(s) reviewed and approved the accuracy of transactions on the fuel card statement, in writing, prior to payment.
    - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: All transactions selected had an itemized receipt. We noted that the transactions selected did not have documentation of the business/public purpose.

We noted no exceptions in reviewing transactions' detail against the requirement of Article 7, Section 14 of the Louisiana Constitution.

Management's Response: The District agrees with this finding and management will implement a procedure to ensure that all credit card documents will contain a business/public purpose.

This agreed-upon procedures engagement was performed 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, the objective of which would be the expression of an opinion or conclusion. 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.

This report is intended solely for the use of management of St. Tammany Parish Drainage 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA  
June 25, 2018