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**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
ST. TAMMANY PARISH GOVERNMENT**

Annual Financial Statements

As of December 31, 2011 and for the Year Then Ended

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 **MAY 30 2012**

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**ST. TAMMANY PARISH DRAINAGE DISTRICT NO 2
SLIDELL, LOUISIANA
ST TAMMANY PARISH GOVERNMENT**

Management Discussion and Analysis
As of and for the Year Ended December 31, 2011

This section of the Drainage District's annual financial report presents our discussion and analysis of the Drainage District's financial performance during the fiscal year that ended on December 31, 2011. Please read it in conjunction with the Drainage District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Drainage District's cash decreased by \$ 553.17 over the prior year ending balance.
- Accounts receivable decreased by \$ 67.70 for the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements:

- Balance Sheet – consisting of all governmental fund types.
- Statement of revenue, expenditures, and changes in fund balance - consisting of all governmental fund types.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS

The Drainage District has a very small operation. The maintenance and repair of the levees and the pumping station and the utilities to operate the pumps are the major expenditures of the Drainage District. Due to the effects of higher energy costs, the expenditures for utilities continue to increase. The revenues of the Drainage District are assessed on a yearly basis, which gives the effect of cash in and cash out type of entity.

BUDGET HIGHLIGHTS

The Drainage District's budget was approved according the Louisiana Governmental Budget Act. There were no amendments to the budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Drainage District's budgetary outlook for 2012 will be consistent with prior years. The District has budgeted additional funds to pay for the increased utilities bills due to increased rates. Levee repairs are expected to be minimal for the next year. All operations for the next year are to continue the same as prior years.

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(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To the Board of Commissioners
St. Tammany Parish Drainage District No. 2
Slidell, LA

We have compiled the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Tammany Parish Drainage District No. 2, a component unit of the St. Tammany Parish Government, as of and for the year ended December 31, 2011, which collectively comprise the Drainage District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Drainage District No. 2 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the Drainage District No. 2, in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The management's discussion and analysis and budgetary comparison information, on page 1 and 10, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or provide any assurance on the supplementary information.



Moyle & Associates, CPAs, LLC

May 2, 2012

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
ST. TAMMANY PARISH GOVERNMENT
SLIDELL, LOUISIANA
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	<u>General Fund</u>	<u>Adjustment</u>	<u>Statement of Net Assets</u>
ASSETS			
Current Assets			
Cash	\$ 631.64		\$ 631.64
Accounts Receivable	21,133.80		21,133.80
Property and Equipment			
Land, Equipment & Building net of \$166,930.43 depreciation		44,043.57	44,043.57
TOTAL ASSETS	<u><u>\$ 21,765.44</u></u>	<u><u>\$ 44,043.57</u></u>	<u><u>\$ 65,809.01</u></u>
LIABILITIES			
Accounts Payable	\$ 5,917.18	\$ -	\$ 5,917.18
TOTAL LIABILITIES	<u><u>5,917.18</u></u>	<u><u>0.00</u></u>	<u><u>5,917.18</u></u>
FUND BALANCES			
Fund Balance (Deficit) Unreserved	15,848.26	(15,848.26)	0.00
TOTAL FUND BALANCES	<u><u>15,848.26</u></u>	<u><u>(15,848.26)</u></u>	<u><u>0.00</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 21,765.44</u></u>		
NET ASSETS:			
Investment in Capital Assets, net Unrestricted		44,043.57 15,848.26	44,043.57 15,848.26
TOTAL NET ASSETS		<u><u>\$ 59,891.83</u></u>	<u><u>\$ 59,891.83</u></u>

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
ST. TAMMANY PARISH GOVERNMENT
SLIDELL, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Adjustments	Statement of Net Assets
REVENUES			
Ad Valorem Taxes	\$ 23,909.99		\$ 23,909.99
Interest Earnings	12.22		12.22
Donation	14,288.88		14,288.88
TOTAL REVENUES	38,211.09	-	38,211.09
EXPENDITURES			
Compensation Paid Board Members	-		-
Insurance	-		-
Professional Services	3,000.00		3,000.00
Maintenance and Repairs			-
General			-
Pumps	-		-
Levee	-		-
Emergency Repairs	-		-
Bank Fee	2.50		2.50
Fees	1,136.23		1,136.23
Supplies General	70.00		70.00
Utilities	40,540.41		40,540.41
Depreciation	-	2,577.47	2,577.47
TOTAL EXPENDITURES	44,749.14	2,577.47	47,326.61
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,538.05)	(2,577.47)	
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS IN OVER EXPENDITURES AND TRANSFERS OUT	(6,538.05)	6,538.05	-
Change in net assets		(9,115.52)	(9,115.52)
FUND BALANCE/NET ASSETS			
Beginning of the year	22,386.31	46,621.04	69,007.35
End of the year	\$ 15,848.26	\$ 44,043.57	\$ 59,891.83

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
Notes to the Financial Statements (Continued)**

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

INTRODUCTION

In accordance with R.S. 1674.15, St Tammany Parish Drainage District No. 2 (Drainage District) was created and given authority to accept and approve any and all drainage facilities constructed at the expense of landowners within the assessment area and donation thereof. According to R.S. 1608, the St Tammany Parish Government is to appoint five commissioners, who shall constitute the governing authority of the Drainage District. The Commissioners will oversee the operations and maintenance of levees and drainage in district number two as well as upkeep and maintenance of the drainage facilities. In order to accomplish the operations of the district, the commissioners may impose annually an acreage tax. The commissioners are not compensated and the Drainage District does not have any employees. The Drainage District number two serves the area east of Interstate ten, approximately twenty five hundred acres.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Drainage District is considered a component unit of the St. Tammany Parish Government. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Drainage District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses have a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Financial statements are provided for governmental funds. All individual governmental funds are reported as separate columns in the fund financial statements.

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA**

Notes to the Financial Statements (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Drainage District reports the following governmental funds:

The General Fund – Special Revenue Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Account Group – General Fixed Assets Account Group – Used to account for all fixed assets of the Drainage District.

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

C. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Drainage District's investment policy allow the entity to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Drainage District has a past history of collecting all the assessed property taxes, so an allowance for uncollectible receivables is not used.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
Notes to the Financial Statements (Continued)**

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
Property	18.2	18.2	Yearly

Principal and interest			

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Drainage District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	40 years
Equipment	30 years

F. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

G. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Drainage District, which are either unusual in nature or infrequent in occurrence.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
Notes to the Financial Statements (Continued)

BUDGET INFORMATION

The Drainage District uses the following budget practices:

The Drainage District prepares the budget on a calendar year basis. The 2011 budget was adopted in December 22, 2010 according to the Local Governmental Budget Act. The budget is created and managed on a non-GAAP budgetary basis. For the year ending December 31, 2011, there were no amendments to the budget.

3. CASH AND CASH EQUIVALENTS

At December 31, 2011, the Drainage District has cash and cash equivalents totaling \$ 631.64 as follows:

Demand deposits	\$
Interest-bearing demand deposits	<u>631.64</u>
Time deposits	<u> </u>
Other	<u> </u>
 Total	 \$ <u>631.64</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2011, the Drainage District has \$ 631.64 in deposits. These deposits are secured from risk by \$250,000 of federal deposit insurance.

4. RECEIVABLES

The receivables of \$21,133.80 at December 31, 2011, are as follows:

Class of Receivable	General		Total
	Fund	Fund	
Ad valorem	\$	21,133.80	21,133.80
Sales and use	<u> </u>	<u> </u>	<u>-</u>
Other	<u> </u>	<u> </u>	<u>-</u>
Intergovernmental-grants			
Federal	<u> </u>	<u> </u>	<u>-</u>
State	<u> </u>	<u> </u>	<u>-</u>
Local	<u> </u>	<u> </u>	<u>-</u>
Accounts	<u> </u>	<u> </u>	<u>-</u>
Notes	<u> </u>	<u> </u>	<u>-</u>
Other	<u> </u>	<u> </u>	<u>-</u>
 Total	 \$ -	 21,133.80	 21,133.80

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
Notes to the Financial Statements (Continued)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated				
Buildings	\$ 10,000.00			\$ 10,000.00
Improvements other than buildings				
Machinery and equipment	200,974.00			200,974.00
Total capital assets being depreciated	210,974.00			210,974.00
Less accumulated depreciation for:				
Buildings	10,000.00			10,000.00
Machinery and Equipment	154,352.96	2,577.47		156,930.43
Total accumulated depreciation	164,352.96			166,930.42
Total capital assets being depreciated, net	\$ 46,621.04			\$ 44,043.58

Depreciation expense of \$2,577.47 for the year-ended December 31, 2011, was charged to the Investment in Capital Assets Fund.

6. CONTRIBUTIONS

At December 31, 2011, the Drainage District received contributions in the amount of \$14,288.88. These funds were contributed from Tammany Holding Company, LLC to the Drainage District in order to assist in the increasing cost of electricity.

7. SUBSEQUENT EVENTS

Management has considered subsequent events through May 2, 2012.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
ST. TAMMANY PARISH GOVERNMENT
SLIDELL, LOUISIANA
STATEMENT OF REVENUE, EXPENDITURE, AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS)
AND ACTUAL-SPECIAL REVENUE FUND
FOR THE YEAR ENDING DECEMBER 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Property Tax Revenue	\$ 36,370.00	\$ 23,909.99	\$ (12,460.01)
Interest Earnings	0.00	12.22	12.22
Other Revenue	0.00	14,288.88	14,288.88
TOTAL REVENUES	<u>36,370.00</u>	<u>38,211.09</u>	<u>1,841.09</u>
EXPENDITURES			
Workmens Comp.	0.00	0.00	0.00
Office Supplies	0.00	0.00	0.00
Post Office Box Rental	70.00	70.00	0.00
Professional Services			
Engineering	1,200.00	1,800.00	(600.00)
Legal	0.00	0.00	0.00
Accounting	1,800.00	1,200.00	600.00
Bank Fee	0.00	2.50	(2.50)
Sheriff Fee - Tax	1,200.00	1,136.23	63.77
Assessor	600.00	0.00	600.00
Utilities (Electric)	30,000.00	40,540.41	(10,540.41)
Maintenance/Repairs			
Levee	0.00	0.00	0.00
Pumps	1,500.00	0.00	1,500.00
General	0.00	0.00	0.00
Emergency	0.00	0.00	0.00
TOTAL EXPENDITURES	<u>36,370.00</u>	<u>44,749.14</u>	<u>(8,379.14)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0.00	(6,538.05)	
FUND BALANCES, BEGINNING (NON-GAAP BUDGETARY BASIS)		22,386.31	
FUND BALANCES, ENDING (NON-GAAP BUDGETARY BASIS)		<u><u>\$ 15,848.26</u></u>	

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
ST. TAMMANY PARISH GOVERNMENT
SLIDELL, LOUISIANA**

**SUPPLEMENTAL INFORMATION SCHEDULE
DECEMBER 31, 2011**

COMPENSATION PAID BOARD MEMBERS

The appointed commissioners did not receive any compensation or per diem from the district for their duties.

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA**

**Current Year Findings, Recommendations and
Corrective Action Plan**

For the Year Ended December 31, 2011

<u>Ref. No.¹</u>	<u>Occurred</u>	<u>Description of Finding</u>	<u>(Yes, No, Partially)</u>	<u>Action Taken^{2&3}</u>
Section I - Internal Control and Compliance Material to the Financial Statements:				
		<u>Budgeted amounts exceed allowable differences.</u>	<u>Yes</u>	<u>Amend budget when determined amounts are to be corrected.</u>
		<u>A formal budget was not adopted 15 days prior to the following year.</u>	<u>Yes</u>	<u>15 days prior to the following year, a formal budget should be adopted.</u>
Section II - Internal Control and Compliance Material to Federal Awards:⁴				
		<u>None</u>		
Section III - Management Letter:				
		<u>None</u>		

ST TAMMANY DRAINAGE DISTRICT NO. 2

PO BOX 2165

SLIDELL, LA 70459

LOUISIANA ATTESTATION QUESTIONNAIRE

Moyle and Associates, CPAs, LLC
1320 Lakewood Drive, Suite B
Slidell, LA 70458

In connection with your review of our financial statements as of December 31, 2011 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 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 May 2, 2012.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212-2296, 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 39:1301-16), RS39:33 or the budget requirements of LSA-RS 39:1331-1342, as applicable.

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, and 33:463, as applicable.

