

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

December 31, 2005

Compilation of Financial Statements

December 31, 2005

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 8/2/06

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LAPORTE SEHRT
ROMIG HAND
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
St. Tammany Parish Drainage District No. 4
St. Tammany Parish, LA

We have compiled the accompanying financial statements of the governmental activities and the major fund, which collectively comprises the basic financial statements of **ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4** (the District), which is a component unit of the St. Tammany Parish Government, as of December 31, 2005, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

Management has not presented the management's discussion and analysis and the budgetary comparison schedules that the Governmental Accounting Standards Board has determined to be required to supplement, although not required to be a part of, the basic financial statements.

A Professional Accounting Corporation

May 12, 2006

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4
STATEMENT OF NET ASSETS
December 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 95,335
Prepaid Insurance	6,524
Deposits	520
Capital Assets	<u>70,836</u>
Total Assets	<u>173,215</u>
 LIABILITIES	
Accounts Payable	3,215
Accrued Expenses	<u>183</u>
Total Liabilities	<u>3,398</u>
 NET ASSETS	
Invested in Capital Assets	70,836
Unrestricted	<u>98,981</u>
Total Net Assets	<u><u>\$ 169,817</u></u>

See accompanying notes and accountants' compilation report.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005

Activities	Expenses	Net (Expense) Revenues and Changes in Net Assets Governmental Activities
Governmental Activities:		
Drainage	\$ 120,176	\$ (120,176)
	\$ 120,176	(120,176)
General Revenues:		
Taxes		120,563
Miscellaneous		1,605
Earnings on Investments		1,022
Total General Revenues		123,190
CHANGE IN NET ASSETS		3,014
NET ASSETS, BEGINNING OF YEAR		166,803
NET ASSETS, END OF YEAR		\$ 169,817

See accompanying notes and accountants' compilation report.

**FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUND**

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2005

	<u>General Fund</u>
ASSETS	
Cash	\$ 95,335
Prepaid Expenses	6,524
Deposits	<u>520</u>
Total Assets	<u>\$ 102,379</u>
LIABILITIES	
Accounts Payable	\$ 3,215
Accrued Expenses	<u>183</u>
Total Liabilities	<u>3,398</u>
FUND EQUITY	
Fund Balance	
Unreserved	92,457
Reserved for Prepaid Expenses	<u>6,524</u>
Total Fund Equity	<u>98,981</u>
Total Liabilities and Fund Equity	<u>\$ 102,379</u>
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Total Fund Equity	\$ 98,981
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Fund.	<u>70,836</u>
Net Assets of Governmental Activities	<u>\$ 169,817</u>

See accompanying notes and accountants' compilation report.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
For the Year Ended December 31, 2005

	<u>General Fund</u>
REVENUES	
Service	\$ 120,563
Miscellaneous	1,605
Earnings on Investments	<u>1,022</u>
Total Revenues	<u>123,190</u>
EXPENDITURES	
Salaries	34,200
Professional Services	28,755
Utilities	14,028
Repairs and Maintenance	12,644
Insurance	8,156
Capital Expenditures	5,900
Other	4,645
Fuel	2,955
Payroll Taxes	2,657
Rent	2,640
Office Supplies	<u>1,935</u>
Total Expenditures	<u>118,515</u>
NET CHANGE IN FUND BALANCE	4,675
FUND BALANCE, BEGINNING OF YEAR	<u>94,306</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 98,981</u></u>

See accompanying notes and accountants' compilation report.

**ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005**

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net Change in Fund Balance - Total Governmental Fund.	\$ 4,675
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.	<u>(1,661)</u>
Change in Net Assets of Governmental Activities Item.	<u>\$ 3,014</u>

See accompanying notes and accountants' compilation report.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of **ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4** (the District) conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies:

HISTORY

The District was created by the St. Tammany Parish Council ordinance No. 812 in May, 1979. The District serves the area of St. Tammany Parish, Louisiana, known as Kingspoint South and Foxhollow. The District is operated as a component unit of the St. Tammany Parish Council.

REPORTING ENTITY

The District is governed by a Board of Commissioners, which is appointed by the Parish Council. As the governing authority of the Parish, for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (Parish Council) (b) organizations for which the primary governments are financially accountable, and (c) other organizations for which the 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 Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The District is a component unit of the Parish because the Parish Council appoints all members of the District and, as such, is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

BASIS OF PRESENTATION

The accompanying basic financial statements of the **ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4** have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*", issued in June 1999.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

Government-Wide Financial Statements (GWFS)

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 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 of a given function or segment 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.

Separate financial statements are provided for the governmental fund.

Fund Financial Statements (FFS)

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The General Fund of the District is classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The District reports the following major governmental fund:

The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS/BASIS OF ACCOUNTING

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Assessed fees are recorded in the year the fees are collected. Interest income on time deposits is recorded when the time deposits have matured and interest is available. Expenditures are recorded when the related fund liability is incurred.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

BUDGET

The Board of Commissioners adopted a budget for the General Fund. Any amendment involving increases in expenditures must be approved by the Board. Budgeted amounts included in the accompanying financial statements include all amendments. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end. The General Fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The District did not amend its budget during 2005.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality 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.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days, however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value.

CAPITAL ASSETS

All fixed assets are recorded at historical costs. Depreciation of all exhaustible fixed assets is charged as an expense against their operations.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District capitalizes equipment in excess of \$2,500. The following estimated useful lives and methods are used to compute depreciation:

Machinery and Equipment	5 - 20 Years	Straight Line
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Depreciation expense amounted to \$7,561 for the year ended December 31, 2005.

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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

USE OF RESTRICTED/UNRESTRICTED NET ASSETS

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE B

CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at December 31, 2005:

Demand Deposits	\$ <u>95,335</u>
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These deposits are stated at cost, which approximates market. 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. 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 bank. 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, 2005, the District has \$108,517 in deposits (collected bank balances), which is fully secured by federal deposit insurance.

NOTE C

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2005, the District carried insurance through various commercial carriers to cover all risks of losses. The District has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

NOTE D

CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2005 is as follows:

	For the Year Ended December 31, 2005			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital Assets Being Depreciated:				
Equipment	\$ 452,480	\$ 5,900	\$ (7,766)	\$ 450,614
Less Accumulated Depreciation for:				
Equipment	<u>(379,983)</u>	<u>(7,561)</u>	<u>7,766</u>	<u>(379,778)</u>
Capital Assets - Net	<u>\$ 72,497</u>	<u>\$ (1,661)</u>	<u>\$ -</u>	<u>\$ 70,836</u>

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE E

HURRICANE KATRINA

On August 29, 2005, St. Tammany Parish was severely impacted by Hurricane Katrina. Most of the homes within the District's area were severely flooded. The levees and drainage system that the District maintains were damaged. The District's office, which was leased, was destroyed and office equipment with a cost of \$7,766 was disposed of due to the hurricane. The District's remaining capital assets, which include pumping stations and other equipment received, were damaged and will need to be repaired. This District has filed an insurance claim and is awaiting proceeds to begin repairs. The District has not determined the hurricane 's effect on its future revenues.