

**ST. TAMMANY PARISH SEWERAGE
DISTRICT NO. 1**

Financial Statements with Supplementary Information

December 31, 2022

(With Independent Accountants' Review Report Thereon)

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

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American Society of Certified Public Accountants
Society of Louisiana CPAs

Independent Accountants' Review Report

**Board of Commissioners
St. Tammany Parish Sewerage District No. 1
Covington, Louisiana**

We have reviewed the accompanying financial statements of the business-type activities of St. Tammany Parish Sewerage District No. 1 (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2022, 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.

Accountants' Responsibility

Our responsibility is to conduct the review 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, and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 to 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.

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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.

Accountants' 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

July 6, 2023

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Statement of Net Position

December 31, 2022

(See Independent Accountants' Review Report)

| | | <u>Assets</u> | |
|--|----|---------------------------------------|-------------------------|
| Current assets: | | | |
| Cash and cash equivalents | \$ | 100,082 | |
| Certificates of deposit | | 50,009 | |
| Revenue receivable - charges for services | | 18,475 | |
| Prepaid insurance | | 6,820 | |
| Due from other governmental entity - St. Tammany Parish Waterworks District No. 3 | | <u>315,318</u> | |
| Total current assets | | | 490,704 |
| Restricted assets: | | | |
| Cash and cash equivalents | | <u>155,891</u> | |
| Total restricted assets | | | 155,891 |
| Non-current assets: | | | |
| Capital assets, net of accumulated depreciation | | <u>1,422,116</u> | |
| Total non-current assets | | | <u>1,422,116</u> |
| Total assets | \$ | | <u><u>2,068,711</u></u> |
| | | <u>Liabilities & Net Position</u> | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | \$ | 6,894 | |
| Unearned revenue | | 3,300 | |
| Current portion of bonds payable | | <u>68,000</u> | |
| Total current liabilities | | | 78,194 |
| Long-term liabilities: | | | |
| Long-term portion of bonds payable | | <u>1,104,936</u> | |
| Total long-term liabilities | | | <u>1,104,936</u> |
| Total liabilities | | | 1,183,130 |
| Net position: | | | |
| Net investment in capital assets | | 249,180 | |
| Restricted | | 155,891 | |
| Unrestricted | | <u>480,510</u> | |
| Total net position | | | <u>885,581</u> |
| Total liabilities & net position | \$ | | <u><u>2,068,711</u></u> |

See accompanying notes to the financial statements.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended December 31, 2022

(See Independent Accountants' Review Report)

Operating Revenue:

Charges for services \$ 222,415

Total operating revenue 222,415

Operating Expenses:

Bank charges 8

Board members' per diems 3,270

Bookkeeping 7,725

Depreciation 56,347

Fees 3,406

Insurance 8,867

Loan administrative fee 6,205

Office supplies and expenses 1,201

Postage and delivery 658

Professional services 14,407

Repairs and maintenance 62,876

Utilities 25,914

Total operating expenses 190,884

Operating income 31,531

Non-operating revenue (expense)

Interest income 371

Interest expense (5,584)

Total non-operating revenue (expense) (5,213)

Change in net position 26,318

Net position, beginning of year 859,263

Net position, end of year \$ 885,581

See accompanying notes to the financial statements.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Statement of Cash Flows

For the Year Ended December 31, 2022

(See Independent Accountants' Review Report)

| | | |
|---|----------------|--------------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 224,654 | |
| Cash payments to suppliers for goods and services | (132,405) | |
| Cash payments to board members | <u>(3,270)</u> | |
| Net cash provided by operating activities | | 88,979 |
| Cash flows from investing activities: | | |
| Proceeds from maturity of certificate of deposit | 49,991 | |
| Interest received | <u>371</u> | |
| Net cash provided by investing activities | | 50,362 |
| Cash flows from non-capital financing activities: | | |
| Increase in due from other governmental entity | <u>(6,178)</u> | |
| Net cash used by non-capital financing activities | | (6,178) |
| Cash flows from capital financing activities: | | |
| Payments for capital acquisitions | (39,547) | |
| Payments on bond construction loan | (68,000) | |
| Interest payments on bonds | <u>(5,584)</u> | |
| Net cash used by capital financing activities | | <u>(113,131)</u> |
| Net increase in cash | | 20,032 |
| Cash and cash equivalents at beginning of year | | <u>235,941</u> |
| Cash and cash equivalents at end of year | | \$ <u><u>255,973</u></u> |
| Reconciliation of operating income to net cash provided in operating activities | | |
| Operating income | \$ 31,531 | |
| Adjustments to reconcile operating income to net cash provided in operating activities: | | |
| Depreciation | 56,347 | |
| Decrease in revenue receivable - charges for services | 2,239 | |
| Increase in prepaid expenses | (6,820) | |
| Increase in accounts payable | 2,382 | |
| Increase in unearned revenue | <u>3,300</u> | |
| Net cash provided by operating activities | | \$ <u><u>88,979</u></u> |

See accompanying notes to the financial statements.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Review Report)

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

St. Tammany Parish Sewerage District No. 1 (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 has the authority to manage and operate a sewerage system within the boundaries of the District not served by municipal systems. 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. At December 31, 2022, the District had approximately 440 customers.

(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 GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

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 data of the organization 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,

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Review Report)

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

(c) **Basis of Presentation**

Fund Financial Statements

The Districts 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 be 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) **Measurement Focus and Basis of Accounting**

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 Managements 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:

- a. Net Investment in Capital Assets – This component of net position consist 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, pus deferred outflows of resources, less deferred inflows of resources, related to those assets.
- b. 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.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Review Report)

c. 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 are generally result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operation. The principal operating revenues of the District's proprietary fund include the cost of sales and 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 Managements 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) consists 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 financial statements
6. RSI, if applicable

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

(f) Cash and Certificates of Deposit

Cash and cash equivalents include 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 exceed 90 days, they are classified as cash equivalents. At

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Review Report)

December 31, 2022, the District had \$50,009 in certificates of deposit with original maturities that exceed 90 days.

(g) Revenue Receivable

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. Revenue receivable on the accompanying statement of net position are considered to be fully collectable at December 31, 2021. Uncollectable amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectability of an account.

(h) Capital Assets

All capital assets of the proprietary fund are recorded at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. Preconstruction costs associated with the development of the sewer system, which include, engineering, legal, and interest costs, 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 | 10-15 years |
| Sewer System | 35 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 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.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Review Report)

(k) New Accounting Standard – Not Yet Adopted

In May 2020, the GASB issued Statement No. 96 - *Subscriptions-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governmental end users. This statement is effective for fiscal years beginning after June 15, 2022. It is currently unknown if adoption of this standard will have an impact on the financial statements.

(2) Cash and Cash Equivalents

At December 31, 2022, cash and cash equivalents consisted of the following:

| | | |
|-----------------|----|----------------|
| Demand Deposits | \$ | 100,082 |
| Restricted | | <u>155,891</u> |
| Total | \$ | <u>255,973</u> |

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, 2022, the District's deposit bank balances of \$266,365 was not fully secured by federal deposit insurance.

(3) Certificates of Deposit

At December 31, 2022, certificates of deposit with financial institutions consisted of the following:

| | | |
|---------------------------------------|----|-----------------|
| Six-Month CD, Maturing April 22, 2023 | \$ | <u>\$50,009</u> |
|---------------------------------------|----|-----------------|

(4) Restricted Assets

At December 31, 2022, restricted assets consisted of the following:

| | | |
|----------------------------------|----|----------------|
| Cash Restricted for Debt Service | \$ | <u>155,891</u> |
|----------------------------------|----|----------------|

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Review Report)

(5) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2022 are as follows:

| | <u>Balance January 1, 2022</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance December 31, 2022</u> |
|--|--|------------------|------------------|--|
| Capital assets not being depreciated | | | | |
| Land | \$ 20,747 | - | - | 20,747 |
| Total capital assets not being depreciated and amortized | <u>20,747</u> | - | - | <u>20,747</u> |
| Capital assets being depreciated | | | | |
| Sewer system and improvements | <u>1,823,136</u> | <u>39,547</u> | - | <u>1,862,683</u> |
| Total capital assets being depreciated and amortized | <u>1,823,136</u> | <u>39,547</u> | - | <u>1,862,683</u> |
| Less accumulated depreciation for Sewer system and improvements | <u>(404,967)</u> | <u>(56,347)</u> | - | <u>(461,314)</u> |
| Total accumulated depreciation | <u>(404,967)</u> | <u>(56,347)</u> | - | <u>(461,314)</u> |
| Total capital assets being depreciated, net | <u>1,418,169</u> | <u>(16,800)</u> | - | <u>1,401,369</u> |
| Capital assets, net | <u>\$ 1,438,916</u> | <u>(16,800)</u> | - | <u>1,422,116</u> |

The District recorded \$56,347 of depreciation expense on its capital assets for the year ended December 31, 2022.

(6) Net Position

Net position for the year ended December 31, 2022 consisted of the following:

| | |
|----------------------------------|-------------------|
| Net investment in capital assets | \$ 249,180 |
| Restricted | 155,891 |
| Unrestricted | <u>480,510</u> |
| Total | <u>\$ 885,581</u> |

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Review Report)

(7) Revenue Receivable – Charges for Services

For the year ended December 31, 2022, the District's revenue receivable consisted of the following:

| | | |
|---------------------------------------|----|---------------|
| Charges for service | \$ | 18,475 |
| Less: allowance for doubtful accounts | | <u>-</u> |
| Total | \$ | <u>18,475</u> |

(8) Bonds Payable

The following is a summary of bonds payable transactions of the District for the year ended December 31, 2022:

| <u>Revenue Bonds</u> | <u>Amount</u> |
|---|---------------------|
| Bonds Payable at January 1 st | \$ 1,240,936 |
| Bonds Issued | - |
| Bonds Retired | <u>(68,000)</u> |
| Bond Payable at December 31 st | <u>\$ 1,172,936</u> |

The following is a description of the bonds payable of the District for the year ended December 31, 2022:

| <u>Revenue Bonds</u> | <u>Amount</u> |
|--|---------------------|
| \$1,500,000 taxable sewer revenue bonds dated May 1, 2018; due in annual principal payments of \$68,000-\$78,000 plus semi annual interest payments through December 31, 2038, with interest at 0.45% and administrative fees at 0.5%, collateralized by sewer revenues. | <u>\$ 1,172,936</u> |
| Total bonds payable | 1,172,936 |
| Less: Current Maturities | <u>(68,000)</u> |
| Non-Current portion of bonds payable | <u>\$ 1,104,936</u> |

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Review Report)

Principal and interest payments due on the revenue bonds outstanding as of December 31, 2022 are as follows:

| <u>Year ending December 31</u> | <u>Principal</u> | <u>Interest and fees</u> | <u>Total</u> |
|------------------------------------|---------------------|--------------------------|------------------|
| 2023 | \$ 68,000 | 11,143 | 79,143 |
| 2024 | 69,000 | 10,497 | 79,497 |
| 2025 | 70,000 | 9,840 | 79,840 |
| 2026 | 70,000 | 9,176 | 79,176 |
| 2027 | 71,000 | 8,511 | 79,511 |
| 2028-2032 | 364,000 | 32,345 | 396,345 |
| 2033-2037 | 382,000 | 14,703 | 396,703 |
| 2038 | 78,936 | 751 | 79,687 |
| Total | <u>\$ 1,172,936</u> | <u>96,966</u> | <u>1,269,902</u> |

(9) Due from Other Governmental Agencies

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, 2022 were \$315,318.

(10) 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.

(11) Subsequent Events

The District evaluated subsequent events through June 28, 2023, the date which the financial statements were available to be issued.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

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

For the Year Ended December 31, 2022

(See Independent Accountants' Review Report)

Agency Head Name: Roger Kocken

| <u>Purpose</u> | <u>Amount</u> |
|----------------|---------------|
| Per Diem | \$ <u>480</u> |

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Schedule of Compensation Paid to Board Members

For the Year Ended December 31, 2022

(See Independent Accountants' Review Report)

| <u>Board Member</u> | <u>Amount</u> |
|----------------------------|-------------------------------|
| Pete Lee | \$ 180 |
| Michael Franklin | 990 |
| David Talmage | 660 |
| Jesmin Finley | 660 |
| Roger Kocken | 480 |
| Jeffery Peters | <u>300</u> |
| | \$ <u><u>3,270</u></u> |

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Status of Prior Year Findings

December 31, 2022

Finding 2022-1:

Criteria:

R.S. 39:1225 provides that the amount of deposit 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.

Condition & Cause:

At December 31, 2022, the District's bank deposits totaled \$266,365 leaving an uninsured and uncollateralized balance of \$16,365. This was the result of the District's financial institution not having the accounts flagged properly in their system such that the collective amount of deposits in the District's accounts would be collateralized when the balance exceeded \$250,000.

Effect:

The District is not in compliance with R.S. 39:1225

Recommendation:

We recommend the District contact the financial institution and ensure all accounts are identified as public funds such that collateral will be pledged when required.

Management Corrective Action:

The financial institution has been contacted and they have made the necessary changes in their system to ensure collateral is pledged as required.

Finding 2022-2:

Criteria:

R.S. 24:513 provides that any state auditee must submit an audit report within six months of their fiscal year end.

Condition & Cause:

The District submitted their financial report past the six-month deadline for the December 31, 2022 fiscal year end.

Effect:

The District is not in compliance with R.S. 24:513

Recommendation:

We recommend the District submit their financial report within six months of its year end

Management Corrective Action:

The District will do its best to submit its annual report within six months of its year end.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1

Status of Prior Year Findings

December 31, 2022

Not applicable.



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Independent Accountants' Report on Applying Agreed-Upon Procedures

Board of Commissioners
St. Tammany Parish Sewerage District No. 1
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, 2022 through December 31, 2022. St. Tammany Parish Sewerage District No. 1's management is responsible for those C/C areas identified in the AUPs.

St. Tammany Parish Sewerage District No. 1 (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 January 1, 2022 through December 31, 2022. 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. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$60,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1755 (the state procurement code), R.S. 38:2211-2296 (the public bid law), or the regulations of the Division of Administration and the State Purchasing Office, whichever is applicable; and report whether the expenditures were made in accordance with these laws.

Finding: Procedure performed without exception.

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(225) 292-7434 Phone
(225) 293-3651 Fax

4900 Cypress St. #15
West Monroe, LA 71291
(318) 397-2472 Phone

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Finding: Procedure performed without exception.

3. Obtain a list of all employees paid during the fiscal year.

Finding: Not applicable.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

Finding: Not applicable.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Finding: Procedure performed without exception.

Budgeting

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

Finding: Not applicable.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

Finding: Not applicable.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures, and report whether actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total).

Finding: Not applicable.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and: (a) report whether the six disbursements agree to the amount and payee in the supporting documentation, (b) report whether the six disbursements are coded to the correct fund and general ledger account,

and (c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

Finding: Procedure performed without exception.

Meetings

10. Obtain evidence from management to support 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); and report whether there are any exceptions.

Finding: Procedure performed without exception.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

Finding: Procedure performed without exception.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

Finding: Not applicable.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

Finding: The District did not submit a its report with six months of its year end.

Corrective Action: The District will do its best to submit its annual report within six months of its year end.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Finding: Not applicable.

Prior-Year Comments

15. Obtain and report management’s representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved.

Finding: Not applicable.

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 result 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

July 6, 2023

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)**

May 15, 2023

Griffin and Furman, LLC

2270 7th Street, Suite 1

Mandeville, Louisiana 70471

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of 12/31/2022 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No [] N/A

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes [] No [] N/A

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No [] N/A []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No [] N/A

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Yes No [] N/A []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [] No [] N/A

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No [] N/A []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No [] N/A []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No [] N/A []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes [] No [] N/A

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No [] N/A

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No [] N/A []

We acknowledge that we are responsible for determining that the procedures performed are appropriate for the purposes of this engagement.

Yes No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No [] N/A []

We have provided you with all relevant information and access under the terms of our agreement.

Yes No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No [] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes No [] N/A []

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

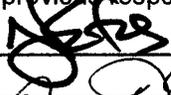
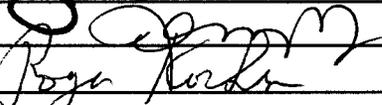
Yes No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal

controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes No N/A

The previous responses have been made to the best of our belief and knowledge.

| | | | |
|---|-----------|---------------------|------|
|  | Secretary | <u>7/5/2023</u> | Date |
|  | Treasurer | <u>7/5/23</u> | Date |
| <u>Roger Korda</u> | President | <u>July 5, 2023</u> | Date |