

**ST. TAMMANY PARISH
SEWERAGE DISTRICT NO. 1
COVINGTON, LOUISIANA**

Financial Statements
and
Independent Accountant's Review Report

December 31, 2021



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Independent Accountant’s Review Report

To the 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, 2021, 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 of the District. 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

The 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 preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

Accountant’s 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.

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.

Accountant’s Conclusion

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

In accordance with standards established by the American Institute of Certified Public Accountants, the *Louisiana Governmental Audit Guide*, and the provisions of state law, we have issued a report dated July 27, 2022, on the results of our agreed-upon procedures.

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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.

Other Information

The accompanying schedule of board members’ per diems on page 15, and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (R.S.) 24:513 A(3), on page 16, 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. We have not audited, reviewed, or compiled this other supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Report on the 2020 Financial Statements

The 2020 financial statements of the District were audited by us, and we expressed an unmodified opinion on them in our report dated June 10, 2021. We have not performed any auditing procedures since that date.



A Professional Accounting Corporation

Covington, LA
July 27, 2022

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Statement of Net Position
December 31, 2021

Assets

Current Assets

Cash and Cash Equivalents	\$ 80,121
Certificates of Deposit	100,000
Revenues Receivable - Charges for Services	20,714
Due from Other Governmental Entity - St. Tammany Parish Waterworks District No. 3	<u>309,140</u>

Total Current Assets 509,975

Restricted Assets

Cash and Cash Equivalents	<u>155,820</u>
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Total Restricted Assets 155,820

Non-Current Assets

Property, Plant, and Equipment (Net of Accumulated Depreciation)	<u>1,438,916</u>
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Total Non-Current Assets 1,438,916

Total Assets 2,104,711

Liabilities

Current Liabilities

Accounts Payable and Accrued Expenses	4,512
Current Portion of Bonds Payable	<u>68,000</u>

Total Current Liabilities 72,512

Long-Term Liabilities

Long-Term Portion of Bonds Payable	<u>1,172,936</u>
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Total Long-Term Liabilities 1,172,936

Total Liabilities 1,245,448

Net Position

Net Investment in Capital Assets	265,980
Restricted	87,820
Unrestricted	<u>505,463</u>

Total Net Position \$ 859,263

See accompanying notes and independent accountant's review report.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021

Operating Revenue	
Charges for Services	\$ 223,486
Total Operating Revenue	<u>223,486</u>
Operating Expenses	
Bank Charges	19
Board Members' Per Diems	4,620
Bookkeeping	7,500
Depreciation	35,695
Fees	1,026
Insurance	2,202
Loan Administrative Fee	6,321
Office Supplies and Expenses	1,293
Postage and Delivery	1,342
Professional Services	23,528
Repairs and Maintenance	70,645
Telephone	582
Utilities	21,117
Total Operating Expenses	<u>175,890</u>
Operating Income	<u>47,596</u>
Non-Operating Revenue (Expense)	
Interest Income	958
Interest Expense	(5,689)
Total Non-Operating Revenue (Expense)	<u>(4,731)</u>
Change in Net Position	42,865
Net Position, Beginning of Year	<u>816,398</u>
Net Position, End of Year	<u><u>\$ 859,263</u></u>

See accompanying notes and independent accountant's review report.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 222,650
Cash Payments to Suppliers for Goods and Services	(334,154)
Cash Payments to Board Members	<u>(4,620)</u>
Net Cash Used in Operating Activities	<u>(116,124)</u>
Cash Flows from Non-Capital Financing Activities	
Decrease in Due from Other Governmental Entity	<u>1,505</u>
Net Cash Provided by Non-Capital Financing Activities	<u>1,505</u>
Cash Flows from Capital Financing Activities	
Payments for Capital Acquisitions	(90,890)
Proceeds from Bond Construction Loan	270,797
Payments on Bond Construction Loan	(67,000)
Interest Payments on Bonds	<u>(5,689)</u>
Net Cash Provided by Capital Financing Activities	<u>107,218</u>
Cash Flows from Investing Activities	
Interest Received	<u>958</u>
Net Cash Provided by Investing Activities	<u>958</u>
Decrease in Cash and Cash Equivalents	(6,443)
Cash and Cash Equivalents, Beginning of Year	<u>242,384</u>
Cash and Cash Equivalents, End of Year	<u>\$ 235,941</u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities	
Operating Income	\$ 47,596
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities	
Depreciation	35,695
Increase in Receivables	(836)
Decrease in Accounts Payable	<u>(198,579)</u>
Net Cash Used in Operating Activities	<u>\$ (116,124)</u>

See accompanying notes and independent accountant's review report.

**ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
COVINGTON, LOUISIANA**

Notes to Financial Statements

Introduction

St. Tammany Parish Sewerage District No. 1 (the District) was created 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, 2021, the District had approximately 437 customers.

Note 1. Summary of Significant Accounting Policies

Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Codification Section 2100, the District is considered a component unit of the St. Tammany Parish (the Parish) reporting entity because (1) commissioners of the District are appointed by the Parish and (2) the District provides sewerage services to residents within the Parish. While the District is an integral part of the Parish reporting entity, and should be included within the financial statements of that reporting entity, GASB Codification Section 2600 provides that a component unit may also issue financial statements separate from those of the reporting entity. Accordingly, the accompanying financial statements present information only on the financial operations of the District and do not present information on the Parish, the general government services provided by the Parish, or on other component units that comprise the St. Tammany Parish reporting entity.

Fund Accounting

The accounts of the District 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.

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.

See independent accountant's review report.

**ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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

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

- a. *Net Investment in Capital Assets* - This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus 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.
- 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 generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund are charges to customers for sales and services. Operating expenses for the 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.

See independent accountant's review report.

**ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Statements

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

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

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

Cash and Cash Equivalents and Investments

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 investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2021, the District had \$100,000 in certificates of deposit with original maturities that exceed 90 days.

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

See independent accountant's review report.

**ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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. The following estimated useful lives are used to compute depreciation:

	Estimated Useful Lives
Sewer System	35 Years
Equipment	10 - 15 Years

Federal Income Taxes

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.

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 at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements - Not Yet Adopted

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and a tangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of GASB 87 to reporting periods beginning after June 15, 2021. Adoption of this standard will have no impact on the financial statements.

See independent accountant's review report.

**ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements - Not Yet Adopted (Continued)

The GASB issued Statement No. 96, *Subscription-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.

Note 2. Cash and Cash Equivalents

At December 31, 2021, cash and cash equivalents consisted of the following:

Demand Deposits	\$	80,121
Restricted		<u>155,820</u>
Total	\$	<u>235,941</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, 2021, the District's deposit bank balances of \$239,829 were fully secured by federal deposit insurance.

Note 3. Certificates of Deposit

At December 31, 2021, certificates of deposit with financial institutions consisted of the following:

Twelve-Month CD, Maturing August 3, 2022	\$	50,000
Twelve-Month CD, Maturing October 23, 2022		25,000
Six- to Eight-Month CD, Maturing October 22, 2022		<u>25,000</u>
Total	\$	<u>100,000</u>

At December 31, 2021, the District's certificates of deposit balances were fully secured by federal deposit insurance.

See independent accountant's review report.

**ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 4. Restricted Assets

At December 31, 2021, restricted assets consisted of the following:

Restricted for Debt Service	<u>\$ 155,820</u>
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Note 5. Capital Assets

Capital assets activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 19,967	\$ -	\$ -	\$ 19,967
Construction in Progress	1,290,147	70,689	(1,360,836)	-
Total Capital Assets Not Being Depreciated	<u>1,310,114</u>	<u>70,689</u>	<u>(1,360,836)</u>	<u>19,967</u>
Capital Assets Being Depreciated				
Sewer System and Equipment	442,879	1,381,037	-	1,823,916
Total Capital Assets Being Depreciated	<u>442,879</u>	<u>1,381,037</u>	<u>-</u>	<u>1,823,916</u>
Less Accumulated Depreciation for:				
Sewer System and Equipment	(369,272)	(35,695)	-	(404,967)
Total Accumulated Depreciation	<u>(369,272)</u>	<u>(35,695)</u>	<u>-</u>	<u>(404,967)</u>
Total Capital Assets Being Depreciated, Net	<u>73,607</u>	<u>1,345,342</u>	<u>-</u>	<u>1,418,949</u>
Capital Assets, Net	<u>\$ 1,383,721</u>	<u>\$ 1,416,031</u>	<u>\$ (1,360,836)</u>	<u>\$ 1,438,916</u>

The District recorded \$35,695 of depreciation expense on its capital assets for the year ended December 31, 2021.

See independent accountant's review report.

**ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 6. Net Position

Net position for the year ended December 31, 2021 consisted of the following:

Net Investment in Capital Assets	\$ 265,980
Restricted for Debt Service	87,820
Unrestricted	<u>505,463</u>
Total	<u><u>\$ 859,263</u></u>

Note 7. Revenues Receivable - Charges for Services

For the year ended December 31, 2021, the District's revenues receivable consisted of the following:

Charges for Services	\$ 20,714
Less: Allowance for Doubtful Accounts	<u>-</u>
Total	<u><u>\$ 20,714</u></u>

Note 8. Bonds Payable

The following is a summary of bond transactions of the District for the year ended December 31, 2021:

Revenue Bonds	Amount
Bonds Payable at January 1 st	\$ 1,037,139
Bonds Issued	270,797
Bonds Retired	<u>(67,000)</u>
Bonds Payable at December 31st	<u><u>\$ 1,240,936</u></u>

See independent accountant's review report.

**ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 8. Bonds Payable (Continued)

The following is a description of the bonds of the District for the year ended December 31, 2021:

Revenue Bonds	Amount
\$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 1, 2038, with interest at 0.45% and administrative fees at 0.5%, collateralized by sewer revenues.	\$ 1,240,936
Total Bonds Payable	1,240,936
Less: Current Maturities	(68,000)
Non-Current Portion of Bonds Payable	<u>\$ 1,172,936</u>

Principal and interest payments due on the revenue bonds outstanding as of December 31, 2021 are as follows:

Year Ending December 31,	Principal	Interest and Fees	Total
2022	\$ 68,000	\$ 11,789	\$ 79,789
2023	68,000	11,143	79,143
2024	69,000	10,497	79,497
2025	70,000	9,841	79,841
2026	70,000	9,176	79,176
2027 - 2031	361,000	35,774	396,774
2032 - 2036	378,000	18,294	396,294
2037 - 2038	156,936	2,241	159,177
Total	<u>\$ 1,240,936</u>	<u>\$ 108,755</u>	<u>\$ 1,349,691</u>

See independent accountant's review report.

**ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 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, 2021 were \$309,140.

Note 10. 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; and natural disasters. The District purchases commercial insurance in amounts it believes sufficient to cover the risks of loss to which it is exposed.

Note 11. Contingency

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates. It is unknown how long these conditions will last and what the complete financial effect will be to the District.

See independent accountant's review report.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Schedule of Board Members' Per Diems
For the Year Ended December 31, 2021

Board Member	Amount
David Talmage	\$ 840
Pete Lee	840
Jay Kahn	720
Jesmin Finley	60
Roger Kocken	900
Mike Franklin	<u>1,260</u>
Total	<u><u>\$ 4,620</u></u>

See independent accountant's review report.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2021

Agency Head
Mike Franklin, Board Chairman

Purpose	Amount
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$1,260
Reimbursements	\$0
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 review report.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Schedule of Findings
For the Year Ended December 31, 2021

Current Year Findings:

None.

Prior Year Findings:

None.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures included in the *Louisiana Governmental Audit Guide* (the Subject Matter) and enumerated below, which were agreed to by the management of St. Tammany Parish Sewerage District No. 1 (the District) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2021, included in the accompanying *Louisiana Attestation Questionnaire*. The District's management is responsible for the Subject Matter.

Management of St. Tammany Parish Sewerage District No. 1 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 compliance areas identified by the LLA in accordance with the *Louisiana Governmental Audit Guide* for the period January 1, 2021 to December 31, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate to meet their 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 to 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.

Our procedures and associated results are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (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.

Results: No exceptions noted.

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).

Results: Management provided us with a list of immediate family members of each board member.

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

Not applicable.

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

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.

Results: No vendors appeared on both lists.

Budgeting

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

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.

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).

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.

Results: No exceptions noted.

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.

Results: No exceptions noted.

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.

Results: No exceptions noted.

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.

Not applicable.

State Audit Law

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

Results: No exceptions noted.

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).

Not applicable.

Prior Comments and Recommendations

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

Not applicable.

We were engaged by St. Tammany Parish Sewerage District No. 1 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 compliance areas identified by the LLA. 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 St. Tammany Parish Sewerage District No. 1 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 for the use of the management of St. Tammany Parish Sewerage District No.1 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 Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
July 27, 2022

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana governmental agencies. The completed and signed questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. Independently elected government officials should sign the document, in lieu of such a resolution.

The completed and signed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his/her engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to the Legislative Auditor's office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his/her engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Michael J. Waguespack, CPA
Louisiana Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

_____ (Date Transmitted)

LaPorte, APAC _____ (CPA Firm Name)

5100 Village Walk Suite 300 _____ (CPA Firm Address)

Covington, LA 70433 _____ (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of **December 31, 2021** (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.

Public Bid Law

It is true that we have complied with the state procurement code (R.S. 39:1551 – 39:1755); the public bid law (R.S. 38:2211-2296), and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No [] N/A []

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 R.S. 42:1101-1124.

Yes No [] N/A []

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 R.S. 42:1119.

Yes No [] N/A []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [] N/A

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 R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No [] N/A []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No [] N/A []

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

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No [] N/A []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No [] N/A []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

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 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.

<u><i>Roger Kocken</i></u>	Secretary	<u>3/28/2022</u>	Date
<u>Jesmin Finley</u>	Treasurer	<u>3/29/2022</u>	Date
<u></u>	President	<u>3/25/2022</u>	Date

AGREED-UPON PROCEDURES REPORT

St. Tammany Parish Sewerage District No. 1

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of January 1, 2021 - July 31, 2021

To the 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 by the Louisiana Legislative Auditor's (LLA) Agreed-Upon Procedures (AUPs) in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the period from January 1, 2021 through July 31, 2021. St. Tammany Parish Sewerage District No. 1's (the District) management is responsible for those C/C areas identified in the AUPs.

Management of St. Tammany Parish Sewerage District No. 1, a component unit of St. Tammany Parish, Louisiana, 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 by the LLA's AUPs in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the period January 1, 2021 to July 31, 2021. Additionally, the 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 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:

Written Policies and Procedures (follow-up)

1. 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:
 - a) **Contracting**, including (1) types of services requiring written contracts, (2) legal review, and (3) approval process.

Results: The District's written policies and procedures over contracting do not address all of the financial/business functions above.

Board Oversight (follow-up)

2. Obtain and review all board minutes for the fiscal period, and:
 - a) Report if a reconciliation of billing receipts to joint bank account, reconciliation of customer billings to deposits, and/or customer account adjustments was presented to the Board for at least one meeting during the fiscal period.

Results: No exceptions noted.

Open Meetings Law Compliance (follow-up)

3. Using the board minutes obtained under Board Oversight above, report whether the minutes of each meeting was published in the official journal of the entity.

Results: No exceptions noted.

Sexual Harassment

4. Obtain and inspect the entity's written policies and procedures over sexual harassment prevention and observe that they include R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: The District does not have written policies and procedures over sexual harassment prevention.

5. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials and obtain sexual harassment training documentation from management for each of the selected employees, and observe that the documentation demonstrates that each employee/official completed at least one hour of sexual harassment training during the calendar year. If your sample includes supervisors, observe the documentation demonstrates additional training as per R.S. 42:342 (A)(2).

Results: The District's board members did not provide documentation that they completed at least one hour of sexual harassment training during the calendar year.

6. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: The District has not posted on its website or in a conspicuous location on its premises the sexual harassment policy and complaint procedure.

7. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: The District did not file an annual sexual harassment report for the fiscal period.

We were engaged by St. Tammany Parish Sewerage District No. 1 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 by the LLA 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 St. Tammany Parish Sewerage District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified by the LLA, 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 Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
June 28, 2022

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
P.O. BOX 1478
COVINGTON, LA 70433

Mr. Michael J. Waguespack
Louisiana Legislative Auditor
1600 N 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Act 774 Agreed-Upon Procedures

The management of St. Tammany Parish Sewerage District No. 1 wishes to provide the following responses relative to the results of the 2021 Act 774 agreed-upon procedures engagement:

- 1) In response to the results of the Written Policies and Procedures section, We will review our current policies and procedures and make sure they address all required procedures listed for Contracting.
- 2) In response to the results of the Sexual Harassment section, We will adopt written policies and procedures over sexual harassment, obtain and maintain documentation that our Board Members have completed at least one hour of sexual harassment training during the calendar year, post the sexual harassment policy and complaint procedure on our website, and complete and maintain an annual sexual harassment report for each fiscal year.

Sincerely,



Mike Franklin, Board Chairman
St. Tammany Parish Sewerage District No. 1