

**SEWERAGE DISTRICT NO. 5
OF THE PARISH OF ST. MARY**

Centerville, Louisiana

Year Ended September 30, 2017

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Members of the Board of Supervisors
Sewerage District No. 5 of the Parish of St. Mary
Centerville, Louisiana

We have reviewed the accompanying statement of revenues, expenses, and changes in net position of Sewerage District No. 5 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, for the year then ended September 30, 2017, and the related notes to the financial statement. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the District's 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 is responsible for the preparation and fair presentation of the statement of revenues, expenses, and changes in net position 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 a statement of revenues, expenses, and changes in net position that is free from material misstatement 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 AICPA. 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 statement of revenues, expenses, and changes in net position. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying statement of revenues, expenses, and changes in net position in order for it to be in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 3 to the statement of revenues, expenses and changes in net position, the District was abolished on October 1, 2017. Our accountant's conclusion is not modified with respect to this matter.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 29, 2018

FINANCIAL STATEMENT

SEWERAGE DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2017

OPERATING REVENUES

Sewer user fees	\$ 99,449
Other customer charges	<u>8,486</u>
Total operating revenues	<u>107,935</u>

OPERATING EXPENSES

Depreciation	195,016
Other services and charges	92,432
Salaries and related benefits	194,975
Supplies and materials	10,314
System operation and maintenance	<u>6,931</u>
Total operating expenses	<u>499,668</u>

Operating loss	<u>(391,733)</u>
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NONOPERATING REVENUES (EXPENSES)

Ad valorem taxes	336,138
Deductions from ad valorem taxes	(10,910)
Interest income	<u>11,067</u>
Net nonoperating revenues	<u>336,295</u>

Operating loss before transfers	(55,438)
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Transfers to St. Mary Parish Water and Sewer Commission No. 3	<u>(4,712,324)</u>
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Change in net position	(4,767,762)
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NET POSITION, beginning	<u>4,767,762</u>
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NET POSITION, beginning	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of the financial statement.

SEWERAGE DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to Basic Financial Statements

INTRODUCTION

Sewerage District No. 5 of the Parish of St. Mary, State of Louisiana (District) was created by Ordinance No. 298 of the St. Mary Parish Police Jury on February 24, 1984. The District encompassed the area in Ward 4 of St. Mary Parish. The purpose of the District was to construct, maintain, and operate a sewerage system in the above stated area.

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Government is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (parish council), (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, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary 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 criteria includes:

- 1) Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish 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.
- 2) Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish council.
- 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.

SEWERAGE DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to Basic Financial Statements (continued)

Because the Parish Council appoints the District's governing body, the District was determined to be a component unit of the St. Mary 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, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying financial statements of the District 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.

Fund Financial Statements

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The proprietary fund is maintained consistent with legal and managerial requirements.

Proprietary Funds -

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of changes in net position, financial position, and cash flows. The two types of proprietary funds are enterprise and internal service funds. The District's fund is an enterprise fund.

Enterprise Funds

Enterprise funds are 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 costs (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 that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

Business-type activities are presented using the economic resources measurement focus as defined below.

SEWERAGE DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to Basic Financial Statements (continued)

The proprietary fund also utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The proprietary fund utilizes 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.

C. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenses

Expenses are classified by function for business-type activities. Expenses are further classified as operating and nonoperating.

Proprietary funds report expenses relating to use of economic resources.

Depreciation

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

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Category</u>	<u>Years</u>
Sewerage treatment facility	20-40
Equipment	5-12
Furniture	5-7
Vehicles	5

SEWERAGE DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to Basic Financial Statements (continued)

D. Budgeting and Budgetary Accounting

Enterprise funds are not required under Louisiana Revised Statute 39:1301 et seq to adopt a budget and the District has elected to not formally adopt a budget. Accordingly, budgeted figures are not presented in this financial report.

E. Use of Estimates

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

(2) Compensation Paid to Board Members

Compensation paid to the board members for the year ended September 30, 2017, is as follows:

Board members:	
Wendell C. Bogan	\$ 360
Wilfred Fields	300
Phelo J. Keller	360
Brent Young	<u>240</u>
Total	<u><u>\$ 1,260</u></u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the District's chief officer. For the year ended September 30, 2017, the District's chief officer, Phelo Keller, received \$360 in per diem payments.

(3) Abolishment of the District

In September 2016, the St. Mary Parish Council adopted Ordinance No. 2060, the purpose of which was to combine the operations of the District and Sewerage District No. 8 of the Parish of St. Mary (collectively, the "Districts") into the newly created St. Mary Parish Water and Sewer Commission No. 3 (the "Commission") which was to begin operating the sewerage systems owned and previously operated by the Districts. Effective September 30, 2017, the Districts formally transferred all rights, title and interest in their respective systems, equipment, supplies, movable and immovable property, and funds, and all liabilities and obligations of the Districts to the Commission. On October 1, 2017, the Districts were abolished.

REQUIREMENTS OF THE *LOUISIANA GOVERNMENTAL AUDIT GUIDE*

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Members of the Board of Supervisors
Sewerage District No. 5 of the Parish of St. Mary
Centerville, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by Sewerage District No. 5 of the Parish of St. Mary (hereinafter "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 September 30, 2017 included in the accompanying Louisiana Attestation Questionnaire (Exhibit A). The District's management is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$154,400 and determine whether such purchases were made in accordance with RS 38:2211-2296 (the public bid law).

No expenditures were made during the year that exceeded \$30,000, nor were there any expenditures for public works made during the year that exceeded \$154,400.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of immediate family members as defined by RS 42:1101-1124 (the code of ethics), and a list of outside business interests of you and all employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management were also included on the listing obtained from management as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

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

The District operates as an Enterprise Fund and is not required to adopt a budget by the Local Government Budget Act.

6. Trace the budget adoption to adoption instruments.

Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by five percent (5 %) or more or if actual expenditures exceed budgeted amounts by five percent (5%) or more. (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$500,000 or less and exempts special revenue funds whose expenditures drive revenue recognition-primarily federal funds.)

Not applicable.

Accounting and Reporting

8. Randomly select six (6) disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

We examined supporting documentation for each of the six selected disbursements and found that payments were for the proper amounts, made to the correct payees, properly coded to the correct funds and general ledger accounts, and appropriately approved.

Debt

9. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

10. Examine payroll records for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

We inspected payroll records for the year and noted no instances, which would indicate payments to employees that would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

11. Review any prior year suggestions, recommendations and/or comments to determine the extent to which such matters have been resolved.

Our prior year report, dated March 21, 2017 did not include any comments or unresolved matters with regard to the foregoing agreed upon procedures.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the District and the Louisiana Legislative Auditor 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. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 29, 2018

LOUISIANA ATTESTATION QUESTIONNAIRE

EXHIBIT A

SEWERAGE DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Louisiana Attestation Questionnaire
Year Ended September 30, 2017

Kolder, Slaven & Company, LLC, CPAs
Post Office Box 3438
Morgan City, Louisiana

In connection with your review of our financial statements as of September 30, 2017 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. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of the date noted on the last page of this questionnaire.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

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 ☐

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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 ☐

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 ☐

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 ☐

Prior-Year Comments

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

Yes ☒ No ☐

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes ☒ No ☐

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

Yes ☒ No ☐

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 ☐

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

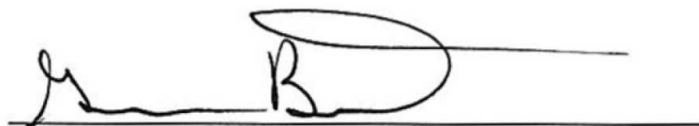
Yes ☒ No ☐

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes ☐ No ☐ N/A

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes ☒ No ☐



H. Glenn Blood

Sewerage District No. 5 of the Parish of St. Mary