

**ST. TAMMANY PARISH
SEWERAGE DISTRICT NO. 1
Covington, Louisiana**

Financial Statements
and
Independent Accountant's Review Report

December 31, 2018



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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 statement of net position of St. Tammany Parish Sewerage District No. 1 (the District), a component unit of St. Tammany Parish, Louisiana, as of December 31, 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements. 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 June 21, 2019, on the results of our agreed-upon procedures.

Other Matter Paragraphs*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. The management's discussion and analysis, 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 Supplementary Information

The accompanying schedule of board members' per diems on page 14, and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), on page 15, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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. This supplementary information has been subjected to the review procedures applied in our review of the 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, accordingly, do not express an opinion on such information.



A Professional Accounting Corporation

Covington, LA
June 21, 2019

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Statement of Net Position
December 31, 2018

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 56,292
Certificates of Deposit	100,000
Revenues Receivable - Charges for Services	18,504
Due from Other Governmental Entity - St. Tammany Parish Waterworks	<u>314,180</u>
Total Current Assets	<u>488,976</u>
Restricted Assets	
Cash and Cash Equivalents	<u>47,600</u>
Total Restricted Assets	<u>47,600</u>
Non-Current Assets	
Property, Plant, and Equipment (Net of Accumulated Depreciation)	<u>259,881</u>
Total Non-Current Assets	<u>259,881</u>
Total Assets	<u>796,457</u>
Liabilities	
Accounts Payable	23,904
Bonds Payable	<u>111,687</u>
Total Liabilities	<u>135,591</u>
Net Position	
Net Investment in Capital Assets	148,194
Restricted	47,600
Unrestricted	<u>465,072</u>
Total Net Position	<u><u>\$ 660,866</u></u>

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, 2018

Operating Revenue	
Charges for Services	\$ 215,688
Total Operating Revenue	<u>215,688</u>
Operating Expenses	
Board Members' Per Diem	3,240
Bookkeeping	5,900
Depreciation	17,609
Fees	1,405
Insurance	7,674
Miscellaneous	6,000
Office Supplies and Expenses	1,294
Postage and Delivery	656
Professional Services	10,584
Repairs and Maintenance	57,157
Telephone	800
Utilities	21,519
Total Operating Expenses	<u>133,838</u>
Operating Income	<u>81,850</u>
Non-Operating Revenue	
Interest Income	1,400
Total Non-Operating Revenue	<u>1,400</u>
Change in Net Position	83,250
Net Position, Beginning of Year	<u>577,616</u>
Net Position, End of Year	<u><u>\$ 660,866</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, 2018

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 218,078
Cash Payments to Suppliers for Goods and Services	<u>(109,020)</u>
Net Cash Provided by Operating Activities	<u>109,058</u>
Cash Flows from Non-Capital Financing Activities	
Decrease in Due from Other Governmental Entity	<u>(47,743)</u>
Net Cash Used in Non-Capital Financing Activities	<u>(47,743)</u>
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(126,366)
Proceeds from Bond Construction Loan	<u>111,687</u>
Net Cash Used in Capital and Related Financing Activities	<u>(14,679)</u>
Cash Flows from Investing Activities	
Interest Received	<u>1,400</u>
Net Cash Provided by Investing Activities	<u>1,400</u>
Increase in Cash and Cash Equivalents	48,036
Cash and Cash Equivalents, Beginning of Year	<u>55,856</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 103,892</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 81,850
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	17,609
Decrease in Receivables	2,390
Increase in Accounts Payable	<u>7,209</u>
Net Cash Provided by Operating Activities	<u><u>\$ 109,058</u></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 (LRS) 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, 2018, the District had approximately 440 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 statements 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 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, 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. State law LRS 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, 2018, 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, 2018. 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

The GASB issued Statement No. 87, *Leases*, in June 2017. 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. This Statement will be effective for the District for the fiscal year ending December 31, 2020.

See independent accountant's review report.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Covington, Louisiana

Notes to Financial Statements

Note 2. Cash and Cash Equivalents

At December 31, 2018, cash and cash equivalents consisted of the following:

Demand Deposits	\$	56,292
Restricted		<u>47,600</u>
Total	\$	<u>103,892</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, 2018, the District's deposit bank balances of \$116,591 were fully secured by federal deposit insurance.

Note 3. Certificates of Deposit

At December 31, 2018, certificates of deposit with financial institutions consisted of the following:

Twelve-Month CD, Maturing August 3, 2019	\$	50,000
Twelve-Month CD, Maturing October 22, 2019		25,000
Twelve-Month CD, Maturing October 23, 2019		<u>25,000</u>
Total	\$	<u>100,000</u>

At December 31, 2018, the District's certificates of deposit balances were fully secured by federal deposit insurance.

Note 4. Restricted Assets

At December 31, 2018, restricted assets consisted of the following:

Restricted for Debt Service	\$	<u>47,600</u>
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See independent accountant's review report.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Covington, Louisiana

Notes to Financial Statements

Note 5. Capital Assets

Capital assets activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 19,967	\$ -	\$ -	\$ 19,967
Construction in Progress	6,100	126,366	-	132,466
Total Capital Assets Not Being Depreciated	<u>26,067</u>	<u>126,366</u>	<u>-</u>	<u>152,433</u>
Capital Assets Being Depreciated				
Sewer System and Equipment	442,879	-	-	442,879
Total Capital Assets Being Depreciated	<u>442,879</u>	<u>-</u>	<u>-</u>	<u>442,879</u>
Less Accumulated Depreciation for:				
Sewer System and Equipment	(317,822)	(17,609)	-	(335,431)
Total Accumulated Depreciation	<u>(317,822)</u>	<u>(17,609)</u>	<u>-</u>	<u>(335,431)</u>
Total Capital Assets Being Depreciated, Net	<u>125,057</u>	<u>(17,609)</u>	<u>-</u>	<u>107,448</u>
Capital Assets, Net	<u>\$ 151,124</u>	<u>\$ 108,757</u>	<u>\$ -</u>	<u>\$ 259,881</u>

The District recorded \$17,609 of depreciation expense on its capital assets for the year ended December 31, 2018.

Note 6. Net Position

Net position for the year ended December 31, 2018, consisted of the following:

Net Investment in Capital Assets	\$ 148,194
Restricted	47,600
Unrestricted	<u>465,072</u>
Total	<u>\$ 660,866</u>

See independent accountant's review report.

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1
Covington, Louisiana

Notes to Financial Statements

Note 7. Revenues Receivable - Charges for Services

For the year ended December 31, 2018, the District's revenues receivable consisted of the following:

Charges for Services	\$	18,504
Less: Allowance for Doubtful Accounts		<u>-</u>
Total	\$	<u>18,504</u>

Note 8. Bonds Payable

The District issued a \$1,500,000 Taxable Sewer Revenue Bond, Series 2018 during the year for the purpose of paying the cost of improvements to the sewer system. The District is in the construction phase of the project whereby the proceeds from the bonds are drawn down as needed. As of December 31, 2018, the amount of proceeds drawn down on these bonds totaled \$111,687.

Note 9. Due to Other Governmental Agencies

The District uses St. Tammany Parish Waterworks District No. 3 as their billing and collection agent for sewerage fees. Sewerage fees collected that had not been remitted to the District at December 31, 2018, were \$314,180.

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.

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, 2018

Sue Burden	\$	360
Richard Bridges		420
Pete Lee		1,080
Jay Kahn		720
Michael Frankin		<u>660</u>
Total	\$	<u><u>3,240</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, 2018

Agency Head
Pete Lee, 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	\$1,080
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, 2018

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* 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, 2018, included in the accompanying *Louisiana Attestation Questionnaire*. Management of the District is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified users of the 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.

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 \$154,450. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

Results: A review was made of all disbursements for the year. There were no disbursements for materials and supplies that exceeded \$30,000 or for public works exceeding \$154,450.

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.

Results: The District has no employees.

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

Results: 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.

Results: Proprietary funds are not required to adopt an annual budget. The District did not adopt a budget in 2018.

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.

Results: 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).

Results: 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: We looked at supporting documentation for each of the six disbursements and agreed the amount and payee. The six disbursements were properly coded to the correct fund and general ledger account, and approved in accordance with management's policies and procedures.

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: Management has asserted to us that such documents were properly posted.

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: There were three proceeds from the new bond identified in our review of deposits. We verified that the District had proper evidence of approval by the State Bond Commission.

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.

Results: Not applicable. The District does not have any employees.

State Audit Law

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

Results: The District provided for a timely report in accordance with R.S. 24:513.

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).

Results: Not applicable, as the District was in compliance with R.S. 24:513.

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.

Results: Not applicable. No prior year suggestions, recommendations, and/or comments to review.

The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Governmental Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with laws and regulations. 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.

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
June 21, 2019

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

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 government agencies. Upon completion, the 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 governmental officials should sign the document, in lieu of such a resolution.

The completed 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 engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to my 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 engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

5/28/19 (Date Transmitted)

(Auditors)

In connection with your review of our financial statements as of [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. 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 (date of completion/representations).

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 []

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 []

Meetings

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

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

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

We have provided you with any communications from regulatory agencies 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 this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

_____	Secretary	_____	Date
_____	Treasurer	_____	Date
<u>P. Lee</u>	President	<u>5/28/19</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, 2018 - December 31, 2018

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

We have performed the procedures enumerated below, which were agreed to by management of St. Tammany Parish Sewerage District No. 1 (the District) and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the period of January 1, 2018 through December 31, 2018, in accordance with Act 774 of 2014 Regular Legislative Session.

Management of the District, a component unit of St. Tammany Parish, Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the District and the Legislative Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

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 and (2) legal review.
 - b) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121 and (2) system to monitor possible ethics violations.

Results: We obtained the entity's written policies and procedures. For procedure a) above, the District's policies on contracting do not specifically state types of services required for written contracts or legal review. For procedure b) above, the District's policies on ethics do not include prohibitions, they only reference the statute. They also do not include monitoring violations.

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Board Oversight

1. Obtain and review all board minutes for the fiscal period, and:
 - a) Report whether the minutes for each meeting referenced or included financial information about the entity's operations (e.g., monthly revenues and expenses, estimated annual net income/loss, cash flow projections), intended to demonstrate the board's oversight and monitoring of public funds.
 - b) Report if a reconciliation of billing receipts to joint bank account, reconciliation of customer billings to deposits, and/or customer account adjustments were presented to the Board for at least one meeting during the fiscal period.

Results: We reviewed all board minutes for the fiscal period. For procedure a) above, nine of the twelve meetings referenced or included financial information about the entity's operations. The other three did not. For procedure b) above, there were no reconciliation of billing receipts to joint bank account, reconciliation of customer billings to deposits, and/or customer account adjustments presented to the Board during any of their meetings.

Open Meetings Law Compliance

1. Report whether a copy of the Open Meetings Law is posted at the location where the entity holds its meetings.

Results: There is a copy of the Open Meetings Law posted at the location where the entity holds its meetings.

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

Results: The minutes of each selected meeting were not published in the official journal of the entity.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion. 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.

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 Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
July 16, 2019

Management Response
St. Tammany Parish Sewerage District No. 1
For the Period of January 1, 2018 - December 31, 2018

Mr. Daryl Purpera
Louisiana Legislative Auditor
1600 N 3rd St.
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Act 774 Agreed-upon Procedures

The board of commissioners responsible for responding to the results of the preceding agreed-upon procedures report. Management's responses are as follows:

Written Policies and Procedures

Results: We obtained the entity's written policies and procedures. For procedure a) above, the District's policies on contracting do not specifically state types of services required for written contracts or legal review. For procedure b) above, the District's policies on ethics do not include prohibitions, they only reference the statute. They also do not include monitoring violations.

Management Response: The board will review and implement suggested changes.

Board Oversight

Results: We reviewed all board minutes for the fiscal period. For procedure a) above, nine of the twelve meetings referenced or included financial information about the entity's operations. The other three did not. For procedure b) above, there was no reconciliation of billing receipts to joint bank account, reconciliation of customer billings to deposits, and/or customer account adjustments presented to the Board during any of their meetings.

Management Response: The board employs a billing administrator and C.P.A. to reconcile billing and financial accounts. Issues will be reviewed by the board as needed.

Open Meetings Law Compliance

Results: The minutes of each selected meeting were not published in the official journal of the entity.

Management Response: The board continues to research a website for public access to publish the meeting minutes.