

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

Financial Statements  
and  
Independent Accountant's Review Report

December 31, 2016



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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, 2016, 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 27, 2017, 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 of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.

### *Other Supplementary Information*

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The 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 27, 2017

**ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1**  
**Statement of Net Position**  
**December 31, 2016**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 45,174
Certificates of Deposit	100,000
Revenues Receivable - Charges for Services	18,733
Due from Other Governmental Entity - St. Tammany Parish Waterworks	<u>173,070</u>
<b>Total Current Assets</b>	<u>336,977</u>
<b>Non-Current Assets</b>	
Property, Plant, and Equipment (Net of Accumulated Depreciation)	<u>162,641</u>
<b>Total Non-Current Assets</b>	<u>162,641</u>
<b>Total Assets</b>	<u>499,618</u>
<b>Liabilities</b>	
Accounts Payable	<u>246</u>
<b>Total Liabilities</b>	<u>246</u>
<b>Net Position</b>	
Net Investment in Capital Assets	162,641
Unrestricted	<u>336,731</u>
<b>Total Net Position</b>	<u>\$ 499,372</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, 2016**

<b>Operating Revenue</b>	
Charges for Services	<u>\$ 215,937</u>
<b>Total Operating Revenue</b>	<u>215,937</u>
<b>Operating Expenses</b>	
Advertising	183
Board Members' Per Diems	2,130
Bookkeeping	5,055
Depreciation	17,611
Fees	1,291
Insurance	7,524
Miscellaneous	32
Office Supplies and Expenses	874
Postage and Delivery	1,195
Professional Services	11,103
Repairs and Maintenance	64,563
Telephone	691
Utilities	<u>16,560</u>
<b>Total Operating Expenses</b>	<u>128,812</u>
<b>Operating Income</b>	<u>87,125</u>
<b>Non-Operating Revenue</b>	
Interest Income	<u>583</u>
<b>Total Non-Operating Revenue</b>	<u>583</u>
<b>Change in Net Position</b>	87,708
<b>Net Position, Beginning of Year</b>	<u>411,664</u>
<b>Net Position, End of Year</b>	<u><u>\$ 499,372</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, 2016**

<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 215,830
Cash Payments to Suppliers for Goods and Services	<u>(111,492)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>104,338</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Increase in Due from Other Governmental Entity	<u>(115,826)</u>
<b>Net Cash Used in Non-Capital Financing Activities</b>	<u>(115,826)</u>
<b>Cash Flows from Investing Activities</b>	
Interest Received	<u>583</u>
<b>Net Cash Provided by Investing Activities</b>	<u>583</u>
<b>Decrease in Cash and Cash Equivalents</b>	(10,905)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>56,079</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 45,174</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 87,125
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	17,611
Increase in Receivables	(107)
Decrease in Accounts Payable	<u>(291)</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 104,338</u></u>

See accompanying notes and independent accountant's review report.

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

**Notes to Financial Statements**

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**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, 2016, the District had approximately 438 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.



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

**Notes to Financial Statements**

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**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.

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

**Notes to Financial Statements**

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**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, 2016, 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, 2016. 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.

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

**Notes to Financial Statements**

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**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:

	<b>Estimated Useful Lives</b>
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.

**Adoption of New Accounting Principles in 2016**

Governmental Accounting Standards Board Statement No. 72 (GASB 72) - The objective of GASB 72, *Fair Value Measurement and Application*, is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements.

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

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Adoption of New Accounting Principles in 2016 (Continued)**

Governmental Accounting Standards Board Statement No. 76 (GASB 76) - The objective of GASB 76, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is to identify, within the context of the current governmental financial reporting environment, the sources of accounting principles (GAAP) and the framework for selecting those principles.

**Note 2. Cash and Cash Equivalents**

At December 31, 2016, cash and cash equivalents consisted of the following:

Demand Deposits	<u>\$ 45,174</u>
<b>Total</b>	<u><u>\$ 45,174</u></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, 2016, the District's deposit bank balances of \$47,713 were fully secured by federal deposit insurance.

**Note 3. Certificates of Deposit**

At December 31, 2016, certificates of deposit with financial institutions consisted of the following:

Twelve-Month CD, Maturing March 15, 2017	\$ 25,000
Twelve-Month CD, Maturing August 27, 2017	25,000
Twelve-Month CD, Maturing October 22, 2017	25,000
Twelve-Month CD, Maturing October 23, 2017	<u>25,000</u>
<b>Total</b>	<u><u>\$ 100,000</u></u>

At December 31, 2016, the District's certificates of deposit balances were fully secured by federal deposit insurance.

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

**Notes to Financial Statements**

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**Note 4. Capital Assets**

Capital assets activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 19,967	\$ -	\$ -	\$ 19,967
<b>Total Capital Assets Not Being Depreciated</b>	<u>19,967</u>	<u>-</u>	<u>-</u>	<u>19,967</u>
<b>Capital Assets Being Depreciated</b>				
Sewer System and Equipment	442,879	-	-	442,879
<b>Total Capital Assets Being Depreciated</b>	<u>442,879</u>	<u>-</u>	<u>-</u>	<u>442,879</u>
<b>Less Accumulated Depreciation for:</b>				
Sewer System and Equipment	(282,594)	(17,611)	-	(300,205)
<b>Total Accumulated Depreciation</b>	<u>(282,594)</u>	<u>(17,611)</u>	<u>-</u>	<u>(300,205)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>160,285</u>	<u>(17,611)</u>	<u>-</u>	<u>142,674</u>
<b>Capital Assets, Net</b>	<u>\$ 180,252</u>	<u>\$ (17,611)</u>	<u>\$ -</u>	<u>\$ 162,641</u>

The District recorded \$17,611 of depreciation expense on its capital assets for the year ended December 31, 2016.

**Note 5. Net Position**

Net position for the year ended December 31, 2016, consisted of the following:

Net Investment in Capital Assets	\$ 162,641
Unrestricted	<u>336,731</u>
<b>Total</b>	<u>\$ 499,372</u>

**Note 6. Revenues Receivable - Charges for Services**

For the year ended December 31, 2016, the District's revenues receivable consisted of the following:

Charges for Services	\$ 18,733
Less: Allowance for Doubtful Accounts	<u>-</u>
<b>Total</b>	<u>\$ 18,733</u>

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

**Notes to Financial Statements**

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**Note 7. 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, 2016, were \$173,070.

**Note 8. 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.

**OTHER SUPPLEMENTARY INFORMATION**

**ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1**  
**Schedule of Board Members' Per Diems**  
**For the Year Ended December 31, 2016**

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John Burden	\$	810
Pete Lee		420
Jay Kahn		840
James Kowaleski		<u>60</u>
<b>Total</b>	<b>\$</b>	<b><u>2,130</u></b>

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, 2016**

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**Agency Head**  
 John Burden, Board Chairman

<b>Purpose</b>	<b>Amount</b>
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$810
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, 2016**

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**Current Year Findings:**

None.

**Prior Year Findings:**

**Finding 2015-1**

This finding has been resolved.

**Finding 2015-2**

This finding has been resolved.

## **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, 2016, 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. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LRS 38:2211-2296 (the public bid law) or LRS 39:1551-39:1775 (the state procurement code), whichever is applicable.

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 \$150,000.

### **Code of Ethics for Public Officials and Public Employees**

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

Results: 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 review.

Results: The District has no employees.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Results: Not applicable.

### **Budgeting**

5. 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 2016.

6. Trace the budget adoption and amendments to the minute book.

Results: 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 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.

Results: Not applicable.

### **Accounting and Reporting**

8. Randomly select six disbursements made during the period under review 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.

Results: We looked at supporting documentation for each of the six disbursements and found that payment was for the proper amount. The six disbursements were made to the correct payee, properly coded to the correct fund and account, and approved by proper authorities.

### **Meetings**

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LRS 42:11 through 42:28 (the open meetings law).

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

## **Debt**

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

Results: There were no proceeds from bank loans, bonds, or like indebtedness identified in our review of deposits.

## **Advances and Bonuses**

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

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

## **Prior Comments and Recommendations**

12. Review any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters 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 27, 2017

**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)**

\_\_\_\_\_ (Date Transmitted)

\_\_\_\_\_  
LaPorte, APAC

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(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 [ ]

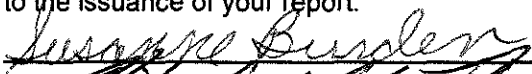

**Advances and Bonuses**

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	<u>2/2/2017</u>	Date
	Treasurer	<u>2/2/17</u>	Date
<u>PBee</u>	President	<u>2/2/17</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, 2016 - December 31, 2016**

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

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of St. Tammany Parish Sewerage District No. 1 (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. These procedures were agreed to by management of 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, 2016 through December 31, 2016, in accordance with Act 774 of 2014 Regular Legislative Session. 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***

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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. **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Results: District is an Enterprise Fund - Not Applicable.

- b. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: The District's policies over purchasing included all of the above items.

- c. **Disbursements**, including processing, reviewing, and approving.

Results: The District's policies over disbursements included all of the above items.

- d. **Receipts**, including receiving, recording, and preparing deposits.

Results: The District's policies over receipts included all of the above items.

- e. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: No employees - Not Applicable.

- f. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: The District's policies over contracting did not include the types of services requiring written contracts or legal review. All other items were included.

Management's Response: We will update our current policy and procedures to include the items listed.

- g. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

Results: No credit cards - Not Applicable.

- h. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: The District does not reimburse for travel and expenses - Not Applicable.

- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirements that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Results: The District's policies over ethics did not include the prohibitions as defined in LRS 42:1111-1121 or a system to monitor possible ethics violations.

Management's Response: We will update our current policy and procedures to include the items listed.

- j. **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The District has no debt - Not Applicable.

***Board (or Finance Committee, if applicable)***

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- 1. Obtain and review the board/committee minutes for the fiscal periods, and:

- a. Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Results: The District's board met with a quorum eight of the twelve months in the fiscal period.

- b. Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis), as well as combined financial statements for St. Tammany Parish Sewerage District No. 4, St. Tammany Parish Sewerage District No. 1, and St. Tammany Parish Waterworks District No. 3.

- i. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Results: The District consists of one proprietary fund and is not required to adopt a budget. The District has not adopted a budget, and therefore budget-to-actual comparisons in the board minutes are not applicable. The District is not required to prepare combined financial statements for St. Tammany Parish Sewerage District No.4, St. Tammany Parish Sewerage District No.1, and St. Tammany Parish Waterworks District No. 3.

- c. 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: A reconciliation of billing receipts to the joint bank account, reconciliation of customer billings to deposits, and/or customer account adjustments were not presented to the Board for at least one meeting during the fiscal period.

Management's Response: The District's board members receive the items mentioned monthly from their contracted CPA. The Board will modify its board meeting procedures to include the review of these items in the minutes.

- d. Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: At least one meeting during the fiscal period had minutes referencing non-budgetary financial information

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*. 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 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  
June 26, 2017