

**WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY**

Financial Statements

Year Ended September 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of net position	5
Statement of activities	6
Fund Financial Statements	
Governmental funds:	
Balance sheet	8-9
Statement of revenues, expenditures, and changes in fund balances	10-11
Notes to Basic Financial Statements	12-20
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule- General Fund	22
Notes to budgetary comparison schedule	23
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
Independent auditor's report on internal control over financial reporting and on compliance and matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	25-26
Schedule of audit results and findings	27-28
Summary schedule of prior audit findings	29
Corrective action plan for current audit findings	30

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Wax Lake East Drainage District of the Parish of St. Mary
Patterson, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Wax Lake East Drainage District of the Parish of St. Mary (hereinafter, the "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 22-23 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 5, 2020

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Statement of Net Position
September 30, 2019

	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 6,619
Interest-bearing deposits, at cost	1,690,790
Receivables -	
Accrued interest	914
Prepaid expenses	23,643
Total current assets	1,721,966
Noncurrent assets:	
Construction in progress	75,055
Other capital assets, net of accumulated depreciation	2,135,871
Total noncurrent assets	2,210,926
Total assets	3,932,892
LIABILITIES	
Current liabilities:	
Accounts payable	56,633
Bonds payable, current portion	190,000
Accrued liabilities	4,102
Interest payable	1,189
Total current liabilities	251,924
Noncurrent liabilities:	
Bonds payable, less current portion	615,000
Total liabilities	866,924
NET POSITION	
Net investment in capital assets	1,405,926
Restricted for debt service	153,885
Unrestricted	1,506,157
Total net position	\$ 3,065,968

The accompanying notes are an integral part of the basic financial statements.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Statement of Activities
Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenues And Changes in Net Position
Governmental activities:			
Drainage works	\$ 1,304,558	\$ 13,947	\$ (1,290,611)
General revenues:			
Ad valorem taxes			807,899
State revenue sharing			35,821
Interest income			9,974
Miscellaneous			7,260
Total general revenues			860,954
Change in net position			(429,657)
Net position, beginning			3,495,625
Net position, ending			\$ 3,065,968

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Balance Sheet
Governmental Funds
September 30, 2019

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash	\$ 6,619	\$ -	\$ 6,619
Interest-bearing deposits, at cost	1,536,936	153,854	1,690,790
Receivables -			
Accrued interest	883	31	914
Prepaid expenditures	23,643	-	23,643
Total assets	1,568,081	\$ 153,885	\$ 1,721,966
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 56,633	\$ -	\$ 56,633
Accrued liabilities	4,102	-	4,102
Total liabilities	60,735	-	60,735
Fund balances:			
Nonspendable	23,643	-	23,643
Restricted	-	153,885	153,885
Unassigned	1,483,703	-	1,483,703
Total fund balances	1,507,346	153,885	1,661,231
Total liabilities and fund balances	\$ 1,568,081	\$ 153,885	\$ 1,721,966

(continued)

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Balance Sheet (continued)
Governmental Funds
September 30, 2019

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds at September 30, 2019	\$ 1,661,231
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets, net of accumulated depreciation	2,210,926
Long-term liabilities:	
Bonds payable	(805,000)
Accrued interest payable	<u>(1,189)</u>
Total net position of governmental activities at September 30, 2019	<u>\$ 3,065,968</u>

The accompanying notes are an integral part of the basic financial statements.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2019

	General	Debt Service	Total Governmental Funds
Revenues:			
Taxes	\$ 644,813	\$ 163,085	\$ 807,898
Intergovernmental	49,768	-	49,768
Interest income	8,743	1,231	9,974
Miscellaneous	7,260	-	7,260
Total revenues	710,584	164,316	874,900
Expenditures:			
Current -			
Drainage works	1,071,509	5,903	1,077,412
Debt Service -			
Principal	-	180,000	180,000
Interest and fiscal charges	-	15,860	15,860
Capital Outlay	22,028	-	22,028
Total expenditures	1,093,537	201,763	1,295,300
Net change in fund balances	(382,953)	(37,447)	(420,400)
Fund balances, beginning	1,890,299	191,332	2,081,631
Fund balances, ending	\$1,507,346	\$ 153,885	\$ 1,661,231

(continued)

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2019

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities

Amounts reported for governmental activities in the statement
of activities are different because:

Net change in fund balances - governmental funds	\$ (420,400)
Cost of capital asset additions	22,029
Depreciation expense	(211,552)
Bond principal payments	180,000
Change in accrued interest	<u>266</u>
Total changes in net position at September 30, 2019 per Statement of Activities	<u>\$ (429,657)</u>

The accompanying notes are an integral part of the basic financial statements.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The Wax Lake East Drainage District of the Parish of St. Mary (District), which is a component unit of the Parish of St. Mary, was created by Ordinance No. 706 of the St. Mary Parish Police Jury on August 11, 1965. The purpose of the District is the draining and reclaiming of the undrained or partially drained marsh, swamp, and overflowed lands in the area specified in its creation ordinance.

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the District's executive and legislative branches (the Board of Commissioners). Control by or dependence on the District was determined on the basis of budget adoptions, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The District is an integral part of the Parish of St. Mary.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Both the government-wide and the fund financial statement categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and items not properly included among program revenues are reported as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide 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 the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues in the year for which they are earned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Notes to Basic Financial Statements (continued)

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to taxpayers. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, and interest on investments.

The District maintains two funds. They are categorized as governmental funds. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds –

The focus of the governmental funds' measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District, which are also the major funds:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

D. Interest-bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

E. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include interest.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Notes to Basic Financial Statements (continued)

F. Capital Assets

All capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Drainage system	10-25 years
Equipment	5-10 years
Improvements	5-25 years

G. Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. These amounts are reported as "Due to/from other funds."

H. Equity Classifications

Government-wide Financial Statements

Equity is classified as net position and displayed in three components

1. Net investment in capital assets - consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted - consist of net position with constraints placed on the use either by (a) external group such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements

Fund balance for the District's governmental fund is displayed in the following classifications depicting the relative strength of the spending constraints places on the purposes for which resources can be used:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form (such as prepaid amounts) or because they are legally or contractually required to be maintained intact.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Notes to Basic Financial Statements (continued)

2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through formal actions by the Board of Commissioners.
4. Assigned - amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Only the Board of Commissioners may assign amounts for specific purposes.
5. Unassigned - amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners have provided otherwise in its commitment or assignment actions.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2019, the District has cash and interest-bearing deposits (book balances) totaling \$1,697,409 as follows:

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Notes to Basic Financial Statements (continued)

Demand deposits	\$ 6,619
Money market accounts	850,177
Time deposits	840,613
Total	\$ 1,697,409

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at September 30, 2019 are secured as follows:

Bank balances	\$ 1,707,367
Federal deposit insurance	356,529
Pledged securities	1,350,838
Total federal insurance and pledged securities	\$ 1,707,367

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. As of September 30, 2019, deposits in the amount of \$1,350,838 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property within the District's taxing area as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects the District's property taxes using the assessed values determined by the tax assessor of St. Mary Parish. District property tax revenues are budgeted in the year billed.

For the year ended September 30, 2019, taxes of 6.44 mills were levied on property with assessed valuations totaling \$127,026,493 and were dedicated as follows:

Maintenance and operations	3.16 Mills
Construction and maintenance	1.98 Mills
Debt service	1.30 Mills

Total taxes assessed were \$818,050.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Notes to Basic Financial Statements (continued)

(4) Capital Assets

Capital asset activity as of and for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Construction in progress	\$ 66,366	\$ 8,689	\$ -	\$ 75,055
Total capital assets not being depreciated	66,366	8,689	-	75,055
Capital assets being depreciated:				
Drainage system	4,738,002	-	-	4,738,002
Equipment	407,098	13,340	-	420,438
Improvements	49,419	-	-	49,419
Total capital assets	5,194,519	13,340	-	5,207,859
Less accumulated depreciation:				
Drainage system	(2,584,505)	(181,379)	-	(2,765,884)
Equipment	(257,281)	(27,623)	-	(284,904)
Improvements	(18,650)	(2,550)	-	(21,200)
Total accumulated depreciation	(2,860,436)	(211,552)	-	(3,071,988)
Total capital assets, being depreciated, net	2,334,083	(198,212)	-	2,135,871
Total capital assets, net	\$ 2,400,449	\$ (189,523)	\$ -	\$ 2,210,926

Depreciation expense in the amount of \$211,552 was charged to drainage works.

(5) Changes in Long-Term Debt

	Balance 10/1/2018	Additions	Reductions	Balance 9/30/2019	Due Within One Year
General obligation refunding bonds	985,000	-	180,000	805,000	190,000
Total long-term debt	\$ 985,000	\$ -	\$ 180,000	\$ 805,000	\$ 190,000

Bonds payable at September 30, 2019, is comprised of the following issue:

\$1,775,000 general obligation refunding bonds, Series 2013, issued May 1, 2013, in annual installments of \$145,000 to \$210,000 through March 1, 2023, with an interest rate of 1.77%.

\$ 805,000

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Notes to Basic Financial Statements (continued)

The general obligation refunding bond issue is secured by a pledge and dedication of a debt service bond millage and is being liquidated through the District's debt service fund.

The annual requirements to amortize all debt outstanding as of September 30, 2019 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	190,000	12,582	202,582
2021	200,000	9,126	209,126
2022	205,000	5,538	210,538
2023	210,000	1,861	211,861
	<u>\$ 805,000</u>	<u>\$ 29,107</u>	<u>\$ 834,107</u>

(6) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints places on fund balance for the major governmental funds are presented as follows:

	<u>General</u>	<u>Debt Service</u>
Fund balances:		
Nonspendable -		
Prepaid expenditures	\$ 23,643	\$ -
Restricted for -		
Debt service	-	153,885
Unassigned	1,483,703	-
Total fund balances	<u>\$ 1,507,346</u>	<u>\$ 153,885</u>

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Notes to Basic Financial Statements (continued)

(7) Compensation Paid to Board Members

For the year ended September 30, 2019, the following individuals served on the Board of Commissioners and received a per diem allowance as follows:

William Hidalgo, Jr.	720
Lee Felterman	480
Barry Broussard	420
Arvin Alleman	480
Steven Clements	600
Jeffery LaGrange	360
Wayne Cantrell	600
Total	<u>\$ 3,660</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, 2019, the District's chief officer, William Hidalgo, Jr., received \$720 in per diem payments.

(8) Social Security System

All employees of the District participate in the Social Security System. The District and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the District and 7.65% by the employee). The District's contribution during the year ended September 30, 2019, amounted to \$18,979.

(9) 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; injuries to employees; and natural disasters. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2019. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Notes to Basic Financial Statements (continued)

(10) New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued the following pronouncement:

GASB Statement No. 87, *Leases* (June 2017)

The Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. The effect of implementation on the District's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

General Fund
Budgetary Comparison Schedule
Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 636,000	\$ 645,000	\$ 644,813	\$ (187)
Interest earned	1,800	6,000	8,743	2,743
Intergovernmental	43,500	47,000	49,768	2,768
Pumping fees	-	-	3,600	3,600
Miscellaneous	9,000	7,000	3,660	(3,340)
Total revenues	<u>690,300</u>	<u>705,000</u>	<u>710,584</u>	<u>5,584</u>
Expenditures:				
Current -				
Drainage works:				
Advertising	4,000	4,000	1,152	2,848
Car and truck	12,000	12,000	12,000	-
Contract labor	45,000	45,000	38,010	6,990
Deductions from ad valorem taxes	21,000	21,500	21,363	137
Electrical	700	800	814	(14)
Insurance	50,000	51,000	50,681	319
Maintenance and repairs	235,000	385,000	444,286	(59,286)
Miscellaneous	5,000	7,000	6,237	763
Natural gas	50,000	112,000	113,359	(1,359)
Office supplies	700	900	743	157
Payroll tax expense	14,000	17,000	18,979	(1,979)
Per diem - board	4,000	3,800	3,660	140
Professional fees	30,000	30,000	75,787	(45,787)
Salaries and wages	200,000	235,000	232,300	2,700
Supplies	45,000	55,000	52,138	2,862
Total drainage works	<u>716,400</u>	<u>980,000</u>	<u>1,071,509</u>	<u>(91,509)</u>
Capital outlay	<u>530,000</u>	<u>70,000</u>	<u>22,028</u>	<u>47,972</u>
Total expenditures	<u>1,246,400</u>	<u>1,050,000</u>	<u>1,093,537</u>	<u>(43,537)</u>
Net change in fund balance	(556,100)	(345,000)	(382,953)	(37,953)
Fund balance, beginning	<u>1,553,534</u>	<u>1,890,299</u>	<u>1,890,299</u>	<u>-</u>
Fund balance, ending	<u>\$ 997,434</u>	<u>\$ 1,545,299</u>	<u>\$ 1,507,346</u>	<u>\$ (37,953)</u>

See notes to budgetary comparison schedule.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

(2) Budgetary Practices

Annually, the District adopts a budget for all funds. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Formal budgetary integration is employed as a management control device during the year. Budget amounts included in the accompanying financial statements reflect originally adopted budget amounts and all subsequent amendments. All budgetary appropriations lapse at the end of each fiscal year.

(3) Actual Expenditures in Excess of Budgeted Appropriations

Actual expenditures exceeded budgeted appropriations in the General Fund by \$43,537.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Wax Lake East Drainage District of the Parish of St. Mary
Patterson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Wax Lake East Drainage District of the Parish of St. Mary (hereinafter, the "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 5, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified deficiencies in internal control that we consider to be a material weaknesses and which are described in the accompanying schedule of audit results and findings as items 2019-001 and 2019-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The District's responses to the findings identified in our audit are described in the accompanying schedule of audit results and findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of 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
May 5, 2020

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Schedule of Audit Results and Findings
Year Ended September 30, 2019

Part I: Summary of Auditor's Results

Financial Statements:

Unmodified opinions were issued on the financial statements of the District's governmental activities and each major fund (General Fund and Debt Service Fund).

Two (2) deficiencies in internal control were disclosed by the audit of the financial statements and the conditions are considered material weaknesses. No significant deficiencies were reported.

No material instances of noncompliance which are material to the financial statements and required to be reported in accordance with *Government Auditing Standards* are included in Part II of this schedule.

A management letter was not issued.

Part II: Findings reported in accordance with *Governmental Auditing Standards*

A. Internal Control

2019-001 Inadequate Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: *Internal control* is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District's internal control over financial reporting includes those policies and procedures that pertain to the District's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2019

2019-002 Financial Reporting

Year Initially Occurring: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition is the result of a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of hiring additional personnel possessing the required expertise and/or experience, it may not be economically feasible to achieve the desired benefit.

B. Compliance

No items are reported under this section.

Part III: Findings and questioned costs for federal awards reported in accordance with the Uniform Guidance:

The requirements of the Uniform Guidance do not apply to the District.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2019

A. Internal Control –

2018-001 – Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings, item 2019-001.

B. Compliance –

No items were reported under this section.

C. Uniform Guidance –

This section was not applicable.

D. Management letter –

No items were reported under this section.

WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY

Corrective Action Plan for Current Audit Findings
Year Ended September 30, 2019

2019-001 – Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated

MANAGEMENT'S RESPONSE: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve adequate segregation of duties.

2019-002 – Financial Reporting

CONDITION: District lacks adequate staff to properly prepare financial statements in accordance with U.S. GAAP, as applicable to governmental entities.

MANAGEMENT'S REPOSENSE: The Board of Commissioners has determined that it would be more cost effective to outsource the preparation of the District's financial statements to its independent auditors rather than incur the costs to employ someone with the appropriate skill and expertise to prepare the financial statements in accordance with generally accepted accounting principles.

**WAX LAKE EAST DRAINAGE DISTRICT
OF THE PARISH OF ST. MARY**

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2018 through September 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

To the Board of Commissioners, Wax Lake East Gravity Drainage District of the Parish of St. Mary, and
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Wax Lake East Gravity Drainage District of the Parish of St. Mary (hereinafter "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019, as required by the *Louisiana Governmental Audit Guide*. The District's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable provisions of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the District and the LLA. 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.

The procedures and associated exceptions are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

Written policies and procedures did not address the functions noted above.

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.

Written policies and procedures did not address the functions noted above.

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

Written policies and procedures did not address the functions noted above.

d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures did not address the functions noted above.

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

Written policies and procedures addressed the functions noted above.

- 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.

Written policies and procedures did not address the functions noted above.

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Written policies and procedures did not address the functions noted above, however, none are applicable as the District does not maintain debit cards, fuel card or p-cards.

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

Written policies and procedures did not address one (1) of the four (4) functions noted above. The District's written policies and procedures did not specifically address the 'dollar thresholds allowed by category of expense'.

- 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) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Written policies and procedures did not address the functions noted above.

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

Written policies and procedures did not address the functions noted above.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures did not address the functions noted above.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Obtained and reviewed minutes of the board for the fiscal period noting that the board did not meet with a quorum for one (1) of the twelve (12) months.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Minutes did not reference or include monthly budget-to-actual comparisons.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Note applicable—prior year audit report contained a positive unrestricted fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Obtained a listing of client bank accounts for the fiscal period and management's representation that the listing was complete. Management identified the District's main operating account. No other accounts are used for daily operations. One month from the fiscal period randomly selected using random number generator.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Observed bank reconciliation for the month selected noting date of preparation was not evidenced.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Reconciliation did not include evidence of review by a member of management/board member who does not handle cash, post ledgers, or issue checks.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Not applicable—no outstanding reconciling items exceeding 12 months were noted.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposits sites for the fiscal period where deposits for cash/checks/money orders are prepared and management's representation that the listing is complete. Selected the District's one (1) deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained a listing of collection locations for the one deposit site and management's representation that the list was complete. Selected the one (1) collection location.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Cash drawers/registers are not shared.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The person responsible for cash collections also prepares/makes bank deposits without another person reconciling the collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The person responsible for collecting cash is also responsible for posting collection entries to the general ledger, without another person reconciling ledger postings to each other and the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The person responsible for reconciling cash collections to the general ledger and subsidiary ledgers is also responsible for collecting cash, without another person/board member verifying the reconciliation.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Management asserted that all employees who have access to cash are covered by insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Attribute not applicable due to the nature of the cash collections and/or account.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

The District failed to document dates of collection necessary to determine deposit within one business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments and management's representation that the listing is complete. Selected the District's one (1) location by default.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Obtained a listing of those employees involved with non-payroll purchasing and payment functions. Inquired of employees about their job duties.

- a) At least two employees are involved in initiating a purchase request, approving a purchase and placing an order/making the purchase.

Observed that only one employee is involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

Observed that at least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee responsible for processing payments is not prohibited from adding/modifying vendor files and another person is not responsible for periodically reviewing the changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Observed that checks are mailed by an employee who is responsible for processing payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Obtained the District's disbursements transaction population, excluding payroll-related transactions, and management's representation that the listing is complete. Randomly selected five (5) disbursements from the one (1) location using a random number generator.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions were found as a result of this procedure.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Observed that the disbursement documentation included evidence of segregation of duties tested under #9, as applicable, for all five (5) disbursements tested.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Note: Procedures not applicable/excluded from testing in the current period—The District did not maintain any credit/debit/fuel/purchase cards during the current fiscal period.

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

Note: Procedure excluded from testing procedures in the current year - Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

Note: Procedure excluded from testing procedures in the current year - Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) employees/officials. All pay rates agreed to pay rates maintained by management.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

Randomly selected one pay period during the fiscal year.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

The District does not maintain documentation related to daily attendance and leave.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

The District does not maintain documentation related to daily attendance and leave.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

The District does not maintain documentation related to daily attendance and leave.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

The District represented that no termination payments were made during the fiscal period.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Obtained management's representation that all applicable payments have been made and associated forms filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

Requested ethics documentation for the five (5) employees selected under procedures #16.

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Documentation demonstrating such training was not provided for any of the five (5) individuals selected.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The District has not adopted an ethics policy.

Debt Service

Note: Procedure excluded from testing procedures in the current year - Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Other

Note: Procedure excluded from testing procedures in the current year - Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management's Response

The District concurs with the exceptions and is working to address the deficiencies identified.

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 those control and compliance areas identified in the SAUPs. 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.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the District's management and the LLA and should not be used by anyone other than those specified parties. Accordingly, this report is not suitable for any other purpose 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 LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 5, 2020