

**COULEE KINNEY
DRAINAGE DISTRICT**
Vermilion Parish, Louisiana

Financial Report

Year Ended December 31, 2020

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KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Coulee Kinney Drainage District
Vermilion Parish, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Coulee Kinney Drainage District, (the District), a component unit of the Vermilion Parish Police Jury, as of and for the year ended December 31, 2020, 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 entity'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 entity'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 major fund of the District, as of December 31, 2020, 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 the budgetary comparison information on pages 23-24 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 information 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 require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical 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 June 21, 2021, 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 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 the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 21, 2021

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Statement of Net Position
December 31, 2020

ASSETS

Cash and interest-bearing deposits	\$ 2,382,602
Interest receivable	302
Ad valorem taxes receivable	943,834
Due from other governmental units	49,076
Capital assets, net	<u>206,211</u>
Total assets	<u>3,582,025</u>

LIABILITIES

Accounts payable	32,567
Payroll tax liability	<u>7</u>
Total liabilities	<u>32,574</u>

NET POSITION

Net investment in capital assets	206,211
Unrestricted	<u>3,343,240</u>
Total net position	<u>\$ 3,549,451</u>

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

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Statement of Activities
For the Year Ended December 31, 2020

Expenses:	
Public works	<u>\$ 938,448</u>
General revenues:	
Taxes - ad valorem	1,059,639
State revenue sharing	73,764
Interest income	8,499
Miscellaneous income	<u>7,530</u>
Total general revenues	<u>1,149,432</u>
Change in net position	210,984
Net position, beginning	<u>3,338,467</u>
Net position, ending	<u>\$ 3,549,451</u>

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

FUND FINANCIAL STATEMENTS (FFS)

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Balance Sheet - Governmental Fund
December 31, 2020

ASSETS

Cash and interest bearing deposits	\$2,382,602
Ad valorem taxes receivable	943,834
Interest receivable	302
Due from other governmental agencies	<u>49,076</u>
Total assets	<u>\$3,375,814</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	\$ 32,567
Payroll tax liability	<u>7</u>
Total liabilities	<u>32,574</u>
Fund balance:	
Unassigned	<u>3,343,240</u>
Total liabilities and fund balance	<u>\$3,375,814</u>

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

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2020

Total fund balance for the governmental fund	\$ 3,343,240
Capital assets, net	<u>206,211</u>
Total net position of governmental activities	<u>\$ 3,549,451</u>

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

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Fund
For the Year Ended December 31, 2020

Revenues:	
Taxes	\$ 1,059,639
State revenue sharing	73,764
Interest income	8,499
Miscellaneous income	<u>7,530</u>
Total revenues	<u>1,149,432</u>
Expenditures:	
Current -	
Public works - drainage	873,771
Capital outlay	<u>48,234</u>
Total expenditures	<u>922,005</u>
Excess of revenues over expenditures	227,427
Fund balances, beginning	<u>3,115,813</u>
Fund balances, ending	<u>\$ 3,343,240</u>

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

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2020

Net changes in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 227,427
Capital assets:		
Capital outlay	\$ 48,234	
Depreciation expense	<u>(64,677)</u>	<u>(16,443)</u>
Change in net position per Statement of Activities		<u>\$ 210,984</u>

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

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the Police Jury is determined on the basis of the following criteria:

1. Appointment of governing board
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the Police Jury created the Drainage District and appoints its board of commissioners, the Drainage District was determined to be a component unit of the Vermilion Parish Police Jury, the governing body of the Parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the Drainage District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

As provided by Louisiana Revised Statute 38:1758, the Coulee Kinney Drainage District (the Drainage District) is governed by five commissioners. These five commissioners are referred to as the board of commissioners and are appointed by the Vermilion Parish Police Jury. The Drainage District was created under the authority of Louisiana Revised Statutes 38:1751 – 1802 and was established for the purpose of draining and reclaiming the undrained or partially drained marsh, swamp, and overflowed lands in the district that might be levied and pumped in order to be drained and reclaimed.

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the reporting government as a whole. These statements include all the financial activities of the reporting entity. The Drainage District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Drainage District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Drainage District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

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

The funds of the Drainage District are classified as governmental. The emphasis on fund financial statements is on major governmental. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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.

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

The major fund of the Drainage District is described below:

Governmental Fund –

General Fund

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Drainage District operations.

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after the fiscal period, with the exception of state revenue sharing funds. For state revenue sharing funds, the period is extended to 150 days after the fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Revenues

Intergovernmental revenues and fees, charges and commissions for services are recorded when the Drainage District is entitled to the funds.

Ad valorem taxes are recorded in the year taxes are due and payable. Ad valorem taxes are assessed in November, by the Parish Assessor, based on the assessed value and become due on November 15 of each year. The taxes become delinquent on January 1. An enforceable lien attaches to the property as of January 1. The taxes are generally collected in December, January, and February of the fiscal year. Property tax revenues are accrued at fiscal year-end to the extent that they have been collected but not received by the Vermilion Parish Tax Collector's Office. Such amounts are measurable and available to finance current operations.

The Drainage District uses unrestricted resources only when restricted resources are fully depleted.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Drainage District's primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

D. Assets, Deferred Outflows, Liabilities Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand deposits, saving accounts, and certificates of deposits of the Drainage District.

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 ad valorem taxes.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The Drainage District maintains a threshold level of \$1,000 or more for capitalizing capital assets however no formal capitalization policy is maintained.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. There was no interest expense incurred by the District during the year.

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

Buildings	25 years
Equipment	5-10 years
Land improvements	20 years

In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

Compensated absences

Full-time employees of the Drainage District with one year of service are allowed one week of vacation leave each year. Vacation leave does not accumulate from year to year. Full-time employees are allowed 10 days of sick leave each year. Employees can accumulate up to 20 day of sick leave, but the sick pay does not vest upon termination. Employees who resign, retire or are dismissed from employment shall not be paid for any accrued sick leave.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

Equity classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Drainage District board members. The Board is the highest level of decision-making authority for the Drainage District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Drainage District's adopted policy, only Board members may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

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

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

E. Expenditures and Expenses

In the government-wide financial statements, expenses are classified by character and function. In the fund financial statements, expenditures are classified by character.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing deposits

Under state law, the Drainage 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 Drainage District may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. 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 will not be able to recover the collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk; however, 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) are as follows:

Bank balances	<u>\$ 2,388,830</u>
Deposits are secured as follows:	
Insured Deposits	\$ 632,914
Uninsured and collateral held by the pledging bank, not in the District's name	<u>1,755,916</u>
Total	<u>\$ 2,388,830</u>

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

(3) Capital Assets

Capital assets activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental activities-				
Capital assets being depreciated:				
Furniture and equipment	\$ 893,041	\$ 48,234	\$ -	\$ 941,275
Land improvements	<u>8,722</u>	<u>-</u>	<u>-</u>	<u>8,722</u>
Total capital assets being depreciated	<u>901,763</u>	<u>48,234</u>	<u>-</u>	<u>949,997</u>
Less accumulated depreciation				
Furniture and equipment	670,388	64,676	-	735,064
Land improvements	<u>8,721</u>	<u>1</u>	<u>-</u>	<u>8,722</u>
Total accumulated depreciation	<u>679,109</u>	<u>64,677</u>	<u>-</u>	<u>743,786</u>
Governmental activities, capital assets, net	<u>\$ 222,654</u>	<u>\$ (16,443)</u>	<u>\$ -</u>	<u>\$ 206,211</u>

Depreciation expense in the amount of \$ 64,677 was charged to the public works function.

(4) Compensation, Benefits, and Other Payments to President

John Andrus, Board President, received the following in lieu of per diem for his official duties as president of the board:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 18,000

(5) Compensation Paid Board of Commissioners

A summary of compensation paid to the board of commissioners is as follows:

Sedric Breaux	\$ 1,950
Craig Duhon	1,650
Dwyer J. Griffin, Jr.	2,100
David Guidry	<u>2,100</u>
Total	<u>\$ 7,800</u>

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

(6) Operating Leases

The Drainage District entered into a 60 month operating lease agreement on June 29, 2018 for the use of a Komatsu excavator which will expire on June 2, 2023 and is to be paid in sixty monthly payments of \$4,618. The Drainage District also entered into a 60 month operating lease agreement on June 26, 2020 for the use of a Kobelco excavator which expires on June 26, 2025 and is to be paid in sixty monthly payments of \$3,651. Rent expense as of December 31, 2020 was \$101,472. The future minimum rental payments required under these operating leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2021	99,228
2022	99,228
2023	71,520
2024	43,812
2025	21,906
Total	<u>\$ 335,694</u>

(7) Litigation

There was no litigation pending against the Drainage District at December 31, 2020.

(8) New Accounting Pronouncement

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. The statement increases 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 foundational 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. In April of 2020, GASB extended the implementation date of this standard by one year. The effect of implementation on the District's financial statements has not yet been determined.

(9) Risk Management

The Drainage 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 for which the Drainage District carries commercial insurance. There have been no significant reductions in the insurance coverage during the year. The Drainage District has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**REQUIRED
SUPPLEMENTARY INFORMATION**

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana
General Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 943,589	\$ 943,500	\$1,059,639	\$ 116,139
State revenue sharing	67,000	67,000	73,764	6,764
Interest income	1,500	150	8,499	8,349
Miscellaneous income	10,000	7,500	7,530	30
Total revenues	<u>1,022,089</u>	<u>1,018,150</u>	<u>1,149,432</u>	<u>131,282</u>
Expenditures:				
Current -				
Public works - drainage	957,474	989,185	873,771	115,414
Capital outlay	<u>-</u>	<u>48,234</u>	<u>48,234</u>	<u>-</u>
Total expenditures	<u>957,474</u>	<u>1,037,419</u>	<u>922,005</u>	<u>115,414</u>
Excess (deficiency) of revenues over expenditures	64,615	(19,269)	227,427	246,696
Fund balance, beginning	<u>3,115,813</u>	<u>3,115,813</u>	<u>3,115,813</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,180,428</u>	<u>\$ 3,096,544</u>	<u>\$ 3,343,240</u>	<u>\$ 246,696</u>

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Notes to Budgetary Comparison Schedule

(1) Budgets and Budgetary Accounting

The Drainage District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. The budget is employed as a management control device during the year that assists its user in financial activity analysis.
3. Any changes in the proposed annual operating budget require a majority vote of the Board of Commissioners.
4. No later than the last regular meeting of the fiscal year, the Board of Commissioners adopts the annual operating budget for the ensuing fiscal year.
5. All budget appropriations lapse at year-end. The budgets presented are the originally adopted budget and the final amended budget.

**INTERNAL CONTROL,
COMPLIANCE, AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

WWW.KCSRCPAS.COM

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*

To the Board of Commissioners
Coulee Kinney Drainage District
Vermilion Parish, Louisiana

We have audited, 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, the financial statements of the governmental activities and major fund of the Coulee Kinney Drainage District, (the District), a component unit of the Vermilion Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 21, 2021.

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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of current and prior year audit findings and management's corrective action plan we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency

described in the accompanying schedule of current and prior year audit findings and managements corrective action plan as item 2020-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2020-002 to be a significant deficiency.

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 financial statements. 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*.

Coulee Kinney Drainage District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 21, 2021

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2020

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of Accounting Functions

CONDITION: The Coulee Kinney Drainage District did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

"A process, affected 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."

CAUSE: The cause of the condition is the fact that the District does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

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: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (continued)
Year Ended December 31, 2020

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Board of Commissioners concur with the audit finding. Due to size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are given to segregate duties where feasible. In an effort to establish more sound controls the Board of Commissioners monitors activity and balances in all fund accounts.

2020-002 Application of Generally Accepted Accounting Principles (GAAP)

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 Coulee Kinney Drainage 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 statement, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition results from a reliance on the external auditor as part of the internal control process.

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

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receive annual training related to their job duties. Additionally, we carefully review the financial statements, related notes and proposed journal entries. All questions are adequately answered by our Auditors to allow us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

COULEE KINNEY DRAINAGE DISTRICT
Vermilion Parish, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (continued)
Year Ended December 31, 2020

B. Compliance

None reported.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2019-001 Inadequate Segregation of Accounting Functions

CONDITION: The Coulee Kinney Drainage District did not have adequate segregation of functions within the accounting system.

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.

CURRENT STATUS: Unresolved. See item 2020-001.

2019-002 Application of Generally Accepted Accounting Principles (GAAP)

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.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2020-002.

B. Compliance

None reported.