

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

Financial Statements

Year Ended September 30, 2020

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

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

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, 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 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, 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 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 March 31, 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 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
March 31, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Statement of Net Position
September 30, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 9,029
Interest-bearing deposits, at cost	1,691,444
Receivables -	
Accrued interest	914
Due from other governments	194,344
Prepaid expenses	25,708
Total current assets	1,921,439
Noncurrent assets:	
Construction in progress	106,122
Other capital assets, net of accumulated depreciation	1,938,242
Total noncurrent assets	2,044,364
Total assets	3,965,803
LIABILITIES	
Current liabilities:	
Accounts payable	103,257
Bonds payable, current portion	200,000
Accrued liabilities	4,161
Interest payable	908
Total current liabilities	308,326
Noncurrent liabilities:	
Bonds payable, less current portion	415,000
Total liabilities	723,326
NET POSITION	
Net investment in capital assets	1,429,364
Restricted for debt service	130,640
Unrestricted	1,682,473
Total net position	\$ 3,242,477

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, 2020

Functions/Programs	Expenses	<u>Program Revenues</u> Operating Grants and Contributions	Net (Expenses) Revenues And Changes in Net Position
Governmental activities:			
Drainage works	<u>\$ 1,116,791</u>	<u>\$ 315,001</u>	<u>\$ (801,790)</u>
General revenues:			
Ad valorem taxes			916,656
State revenue sharing			34,985
Interest income			7,600
Miscellaneous			<u>19,058</u>
Total general revenues			<u>978,299</u>
Change in net position			176,509
Net position, beginning			<u>3,065,968</u>
Net position, ending			<u>\$ 3,242,477</u>

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, 2020

ASSETS	General	Debt Service	Total Governmental Funds
Cash	\$ 9,029	\$ -	\$ 9,029
Interest-bearing deposits, at cost	1,560,835	130,609	1,691,444
Receivables -			
Accrued interest	883	31	914
Due from other governments	194,344	-	194,344
Prepaid expenditures	25,708	-	25,708
Total assets	\$ 1,790,799	\$ 130,640	\$ 1,921,439
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 103,257	\$ -	\$ 103,257
Accrued liabilities	4,161	-	4,161
Total liabilities	107,418	-	107,418
Deferred inflows of resources:			
Unavailable revenues	194,344	-	194,344
Fund balances:			
Nonspendable	25,708	-	25,708
Restricted	-	130,640	130,640
Unassigned	1,463,329	-	1,463,329
Total fund balances	1,489,037	130,640	1,619,677
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,790,799	\$ 130,640	\$ 1,921,439

(continued)

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

Balance Sheet (continued)
Governmental Funds
September 30, 2020

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

Total fund balances for governmental funds at September 30, 2020	\$ 1,619,677
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets, net of accumulated depreciation	2,044,364
Long-term liabilities:	
Bonds payable	(615,000)
Accrued interest payable	(908)
Revenues not providing current financial resources and deferred in the funds.	<u>194,344</u>
Total net position of governmental activities at September 30, 2020	<u>\$3,242,477</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, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 731,616	\$ 185,040	\$ 916,656
Intergovernmental	155,642	-	155,642
Interest income	6,666	934	7,600
Miscellaneous	<u>19,058</u>	<u>-</u>	<u>19,058</u>
Total revenues	<u>912,982</u>	<u>185,974</u>	<u>1,098,956</u>
Expenditures:			
Current -			
Drainage works	889,877	6,637	896,514
Debt Service -			
Principal	-	190,000	190,000
Interest and fiscal charges	-	12,582	12,582
Capital Outlay	<u>41,414</u>	<u>-</u>	<u>41,414</u>
Total expenditures	<u>931,291</u>	<u>209,219</u>	<u>1,140,510</u>
Net change in fund balances	(18,309)	(23,245)	(41,554)
Fund balances, beginning	<u>1,507,346</u>	<u>153,885</u>	<u>1,661,231</u>
Fund balances, ending	<u>\$1,489,037</u>	<u>\$ 130,640</u>	<u>\$ 1,619,677</u>

(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, 2020

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	\$ (41,554)
Cost of capital asset additions	41,414
Depreciation expense	(207,976)
Bond principal payments	190,000
Change in accrued interest	281
Revenues not providing current financial resources and not reported in the funds.	<u>194,344</u>
Total changes in net position at September 30, 2020 per Statement of Activities	<u>\$ 176,509</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

All receivables are shown net of an allowance account, as applicable.

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. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows arising from unavailable revenues. Unavailable revenue occurs under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet.

I. 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".

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

Notes to Basic Financial Statements (continued)

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.
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.

J. 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, 2020, the District has cash and interest-bearing deposits (book balances) totaling \$1,700,473 as follows:

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

Notes to Basic Financial Statements (continued)

Demand deposits	\$ 9,029
Money market accounts	848,546
Time deposits	842,898
Total	\$ 1,700,473

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, 2020 are secured as follows:

Bank balances	\$ 1,718,398
Federal deposit insurance	367,547
Pledged securities	1,350,851
Total federal insurance and pledged securities	\$ 1,718,398

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, 2020, deposits in the amount of \$1,350,851 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, 2020, taxes of 6.44 mills were levied on property with assessed valuations totaling \$143,392,669 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 \$923,449.

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

Notes to Basic Financial Statements (continued)

(4) Tax Abatements

The District is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the District may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). For the year ended September 30, 2020, the District incurred abatements of ad valorem taxes through ITEP.

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which is administered as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. For the year ended September 30, 2020, \$67,430 of the District's ad valorem tax revenues were abated by the state of Louisiana through ITEP.

(5) Due from Other Governments

Amounts due from other governments at September 30, 2020 consisted of the following:

Governmental Activities:

State of Louisiana - Homeland Security and Emergency Management	\$ 57,881
USA Corps of Engineers	<u>136,463</u>
Total Governmental Activities	<u>\$ 194,344</u>

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

Notes to Basic Financial Statements (continued)

(6) Capital Assets

Capital asset activity as of and for the year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Construction in progress	\$ 75,055	\$ 31,067	\$ -	\$ 106,122
Total capital assets not being depreciated	<u>75,055</u>	<u>31,067</u>	<u>-</u>	<u>106,122</u>
Capital assets being depreciated:				
Drainage system	4,738,002	-	-	4,738,002
Equipment	420,438	2,172	-	422,610
Improvements	49,419	8,175	-	57,594
Total capital assets	<u>5,207,859</u>	<u>10,347</u>	<u>-</u>	<u>5,218,206</u>
Less accumulated depreciation:				
Drainage system	(2,765,884)	(178,221)	-	(2,944,105)
Equipment	(284,904)	(27,103)	-	(312,007)
Improvements	(21,200)	(2,652)	-	(23,852)
Total accumulated depreciation	<u>(3,071,988)</u>	<u>(207,976)</u>	<u>-</u>	<u>(3,279,964)</u>
Total capital assets, being depreciated, net	<u>2,135,871</u>	<u>(197,629)</u>	<u>-</u>	<u>1,938,242</u>
Total capital assets, net	<u>\$ 2,210,926</u>	<u>\$ (166,562)</u>	<u>\$ -</u>	<u>\$ 2,044,364</u>

Depreciation expense in the amount of \$207,976 was charged to drainage works.

(7) Changes in Long-Term Debt

	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020	Due Within One Year
General obligation refunding bonds	805,000	-	190,000	615,000	200,000
Total long-term debt	<u>\$ 805,000</u>	<u>\$ -</u>	<u>\$ 190,000</u>	<u>\$ 615,000</u>	<u>\$ 200,000</u>

Bonds payable at September 30, 2020, 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% \$ 615,000

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.

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

Notes to Basic Financial Statements (continued)

The annual requirements to amortize all debt outstanding as of September 30, 2020 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	200,000	9,126	209,126
2022	205,000	5,538	210,538
2023	<u>210,000</u>	<u>1,861</u>	<u>211,861</u>
	<u>\$ 615,000</u>	<u>\$ 16,525</u>	<u>\$ 631,525</u>

(8) 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:

	General	Debt Service
Fund balances:		
Nonspendable -		
Prepaid expenditures	\$ 25,708	\$ -
Restricted for -		
Debt service	-	130,640
Unassigned	<u>1,463,329</u>	<u>-</u>
Total fund balances	<u>\$ 1,489,037</u>	<u>\$ 130,640</u>

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

Notes to Basic Financial Statements (continued)

(9) Compensation Paid to Board Members

For the year ended September 30, 2020, the following individuals served on the Board of Commissioners and received a per diem allowance as follows:

William Hidalgo, Jr.	540
Lee Felterman	420
Barry Broussard	420
Arvin Alleman	540
Steven Clements	540
Jeffery LaGrange	300
Wayne Cantrell	540
Total	<u>\$ 3,300</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, 2020, the District's chief officer, William Hidalgo, Jr., received \$540 in per diem payments.

(10) 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, 2020, amounted to \$20,050.

(11) 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, 2020. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

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

General Fund
Budgetary Comparison Schedule
Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 645,000	\$ 732,000	\$ 731,616	\$ (384)
Interest earned	6,000	4,000	6,666	2,666
Intergovernmental	47,000	46,000	155,642	109,642
Pumping fees	-	-	3,600	3,600
Miscellaneous	7,000	19,000	15,458	(3,542)
Total revenues	<u>705,000</u>	<u>801,000</u>	<u>912,982</u>	<u>111,982</u>
Expenditures:				
Current -				
Drainage works:				
Advertising	4,000	1,200	1,243	(43)
Car and truck	12,000	12,000	12,000	-
Contract labor	45,000	10,000	8,885	1,115
Deductions from ad valorem taxes	21,500	24,500	24,022	478
Electrical	800	800	683	117
Insurance	51,000	53,000	50,769	2,231
Maintenance and repairs	300,000	275,000	393,490	(118,490)
Miscellaneous	7,000	10,000	18,782	(8,782)
Natural gas	112,000	75,000	39,043	35,957
Office supplies	900	1,500	970	530
Payroll tax expense	17,000	18,000	20,050	(2,050)
Per diem - board	3,800	4,000	3,300	700
Professional fees	30,000	20,000	33,772	(13,772)
Salaries and wages	235,000	250,000	247,200	2,800
Supplies	55,000	40,000	35,668	4,332
Total drainage works	<u>895,000</u>	<u>795,000</u>	<u>889,877</u>	<u>(94,877)</u>
Capital outlay	<u>1,070,000</u>	<u>150,000</u>	<u>41,414</u>	<u>108,586</u>
Total expenditures	<u>1,965,000</u>	<u>945,000</u>	<u>931,291</u>	<u>13,709</u>
Net change in fund balance	(1,260,000)	(144,000)	(18,309)	125,691
Fund balance, beginning	<u>1,545,299</u>	<u>1,507,346</u>	<u>1,507,346</u>	<u>-</u>
Fund balance, ending	<u>\$ 285,299</u>	<u>\$ 1,363,346</u>	<u>\$ 1,489,037</u>	<u>\$ 125,691</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.

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. 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 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, 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 March 31, 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.

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 2020-001 and 2020-002.

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*.

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying corrective action plan for current audit 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
March 31, 2021

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

Schedule of Audit Results and Findings
Year Ended September 30, 2020

Part I: Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on financial statements:

Opinion Unit	Type of Opinion
Governmental activities	Unmodified
Major funds:	
General	Unmodified
Debt Service	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	✓	yes	no
Significant deficiency(ies) identified?	_____	yes	✓ none reported

3. Noncompliance material to the financial statements?

_____	yes	✓	no
-------	-----	---	----

Other

4. Management letter issued?

_____	yes	✓	no
-------	-----	---	----

Part II: Findings reported in accordance with Governmental Auditing Standards

A. Internal Control

2020-001 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.

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

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2020

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.

2020-002 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, 2020

A. Internal Control –

2019-001 – 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 2020-001.

2019-002 – Financial Reporting:

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: 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.

CURRENT STATUS: See schedule of audit results and findings, item 2020-002.

B. Compliance –

No items were reported under this section.

C. Uniform Guidance –

This section was not applicable.

D. Management letter –

Not issued in prior year.

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

Corrective Action Plan for Current Audit Findings
Year Ended September 30, 2020

2020-001 – 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.

2020-002 – 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 RESPONSE: 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.