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

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date FEB 10 1999

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## Independent Auditor's Report

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

We have audited the accompanying general purpose financial statements of the Wax Lake East Drainage District of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's officials. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

*We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.*

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Wax Lake East Drainage District of the Parish of St. Mary, State of Louisiana, as of September 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 9, 1998, on our consideration of the District's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Wax Lake East Drainage District of the Parish of St. Mary, State of Louisiana.

*Darnall, Sikes & Frederick*  
A Corporation of Certified Public Accountants

Morgan City, Louisiana  
December 9, 1998

**GENERAL PURPOSE  
FINANCIAL STATEMENTS**

WAX LAKE EAST DRAINAGE DISTRICT OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Combined Balance Sheet - Governmental Fund Type and Account Group  
September 30, 1998

	Governmental Fund Type <u>General Fund</u>	Account Group General Fixed Assets	Totals (Memorandum Only)	
			1998	1997
<b>ASSETS</b>				
Cash	\$ 3,871	\$ -	\$ 3,871	\$ 9,075
Interest-bearing deposits	673,821	-	673,821	554,008
Receivables -				
Accrued interest	2,691	-	2,691	2,496
Other	300	-	300	300
Due from other governmental unit	271	-	271	716
Drainage property, equipment and improvements	-	323,158	323,158	323,158
Total assets	\$ 680,954	\$ 323,158	\$ 1,004,112	\$ 889,753
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 16,685	\$ -	\$ 16,685	\$ 4,117
Accrued liabilities	1,076	-	1,076	796
Total liabilities	17,761	-	17,761	4,913
<b>Fund equity:</b>				
Investment in general fixed assets	-	323,158	323,158	323,158
Fund balances -				
Unreserved:				
Undesignated	663,193	-	663,193	561,682
Total fund equity	663,193	323,158	986,351	884,840
Total liabilities and fund equity	\$ 680,954	\$ 323,158	\$ 1,004,112	\$ 889,753

The accompanying notes are an integral part of this statement.

WAX LAKE EAST DRAINAGE DISTRICT OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (GAAP Basis) and Actual -  
Year Ended September 30, 1998  
With Comparative Actual Amounts for Year Ended September 30, 1997

	General Fund			1997 Actual
	Budget	Actual	Variance - Favorable (Unfavorable)	
<b>Revenues:</b>				
Taxes	\$ 208,655	\$ 208,695	\$ 40	\$ 190,342
Intergovernmental	43,414	43,909	495	61,051
Miscellaneous	<u>21,900</u>	<u>22,701</u>	<u>801</u>	<u>22,232</u>
Total revenues	<u>273,969</u>	<u>275,305</u>	<u>1,336</u>	<u>273,625</u>
<b>Expenditures:</b>				
Current -				
Advertising	795	660	135	732
Auto and truck allowance	6,000	5,915	85	2,365
Contract labor	360	660	(300)	1,310
Electrical	140	133	7	122
Insurance	10,272	9,168	1,104	8,965
Professional fees	6,900	2,550	4,350	2,450
Maintenance and repairs	33,320	38,460	(5,140)	48,688
Miscellaneous	60	29	31	57
Natural gas	48,000	49,830	(1,830)	65,662
Office supplies	96	174	(78)	103
Payroll tax expense	3,165	3,477	(312)	3,435
Per diem - board	4,680	4,560	120	4,920
Salaries and wages	45,195	44,641	554	43,700
Supplies	5,300	5,439	(139)	7,197
Tax assessor's compensation	6,723	6,723	-	6,373
Telephone	<u>1,210</u>	<u>1,375</u>	<u>(165)</u>	<u>1,279</u>
Total expenditures	<u>172,216</u>	<u>173,794</u>	<u>(1,578)</u>	<u>197,358</u>
Excess of revenues over expenditures	101,753	101,511	(242)	76,267
Fund balance, beginning	<u>561,682</u>	<u>561,682</u>	<u>-</u>	<u>485,415</u>
Fund balance, ending	<u>\$ 663,435</u>	<u>\$ 663,193</u>	<u>\$ (242)</u>	<u>\$ 561,682</u>

The accompanying notes are an integral part of this statement.

WAX LAKE EAST DRAINAGE DISTRICT  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Wax Lake East Drainage District of the Parish of St. Mary, State of Louisiana (District), which is a component unit of the St. Mary Parish Council, 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 and account groups which are controlled by or dependent on the District 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. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one generic fund type and one broad fund category as follows:

Governmental Fund -

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.

C. Fixed Assets

The fixed assets used in the governmental fund type operations of the District are accounted for in the General Fixed Assets Account Group, rather than in the General Fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

The account group is not a "fund". It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.



WAX LAKE EAST DRAINAGE DISTRICT  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The various funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes are recorded in the year in which the taxes are assessed. Interest income on investments is recorded when earned, and substantially all other revenues are recorded when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that salaries are recognized when paid and accumulated vacation leave is not accrued.

E. 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. The budget is prepared on a modified accrual basis. Budget amounts included in the accompanying general purpose financial statements reflect originally adopted budget amounts and all subsequent amendments. All budgetary appropriations lapse at the end of each fiscal year.

F. Vacation and Sick Leave

The District has no existing written policy on vacation and sick leave. These are recognized as expenditures when paid.

G. Interest-bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market. The interest-bearing deposits are time deposits which are fully secured through the pledge of bank-owned securities or the Federal Deposit Insurance Corporation (FDIC) insurance coverage.

WAX LAKE EAST DRAINAGE DISTRICT  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

I. Comparative Data

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

J. Total Columns - Memorandum Only

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

K. 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.

NOTE 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, 1998, the District has cash and interest-bearing deposits (book balances) totaling \$677,692 as follows:

WAX LAKE EAST DRAINAGE DISTRICT  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

Demand	\$ 3,871
Money Market Accounts	541,528
Time deposits	<u>132,293</u>
 Total	 <u>\$ 677,692</u>

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, 1998, are as follows:

Bank balances	<u>\$ 679,200</u>
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At September 30, 1998, the deposits are secured as follows:

Federal deposit insurance	170,262
Pledged securities (Category 3)	<u>579,666</u>
 Total federal insurance and pledged securities	 <u>749,928</u>
 Excess of federal insurance and securities pledged	 <u>\$ 70,728</u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 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.

WAX LAKE EAST DRAINAGE DISTRICT  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 3 AD VALOREM TAXES (CONTINUED)

For the year ended September 30, 1998, 5.29 mills were authorized and dedicated as follows:

Maintenance and operation	5.29 mills
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Total taxes levied were \$208,695. There were no taxes receivable at September 30, 1998.

NOTE 4 DUE FROM OTHER GOVERNMENTAL UNITS

Amount due from St. Mary Parish Council	\$ 91
Amount due from City of Patterson	90
Amount due from Town of Berwick	<u>90</u>
 Total	 <u><u>\$ 271</u></u>

NOTE 5 CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance October 1, 1997	Additions	Deletions	Balance September 30, 1998
Drainage property, equipment and improvements	\$ <u>323,158</u>	\$ -	\$ -	\$ <u>323,158</u>
Total	<u><u>\$ 323,158</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 323,158</u></u>

WAX LAKE EAST DRAINAGE DISTRICT  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to Financial Statements

NOTE 6 COMPENSATION PAID BOARD MEMBERS

For the year ended September 30, 1998, the following individuals served on the Board of Commissioners and received per diem allowance as follows:

Name	Amount
Anthony Boudreaux	\$ 720
Leroy Gray	660
Lee Felterman	600
Joseph Keller	720
Jeffrey LaGrange	720
Donald Lantz (Resigned June 1998)	420
Louis Ratcliff	600
Richard Grow (Appointed June 1998)	120
	\$ 4,560

NOTE 7 RETIREMENT COMMITMENTS

The employees are members of the following retirement system:

Retirement System	Contribution Rate	
	Employee	District
Social Security System	7.65%	7.65%

The District's contribution to the above plan totaled approximately \$3,477 for the year ended September 30, 1998. This amount was paid to the retirement system which is responsible for administering the plan and disbursing benefits.

NOTE 8 LITIGATION AND CLAIMS

There is no pending or threatened litigation involving the District or any unasserted claims which should be disclosed at September 30, 1998.

**SUPPLEMENTAL  
INFORMATION**

**INTERNAL CONTROL  
AND  
COMPLIANCE REPORTS**

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Independent Auditor's Report on Compliance and on  
Internal Control over Financial Reporting Based on an  
Audit of General Purpose Financial Statements Performed  
in Accordance with Government Auditing Standards

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

We have audited the general purpose financial statements of the Wax Lake East Drainage District of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council as of and for the year ended September 30, 1998, and have issued our report thereon dated December 9, 1998. We have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Wax Lake East Drainage District of the Parish of St. Mary, State of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wax Lake East Drainage District of the Parish of St. Mary, State of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 98-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended for the information of the District's management. However, this report is a matter of public record and its distribution is not limited.

*Dannall, Sikes & Frederick*  
A Corporation of Certified Public Accountants

Morgan City, Louisiana  
December 9, 1998

**OTHER SUPPLEMENTARY INFORMATION**

WAX LAKE EAST DRAINAGE DISTRICT  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Summary Schedule of Prior Year Findings  
September 30, 1998

97-1 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 98-1.

WAX LAKE EAST DRAINAGE DISTRICT  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Schedule of Findings and Questioned Costs  
September 30, 1998

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unqualified opinion has been issued on Wax Lake East Drainage District's financial statements as of and for the year ended September 30, 1998.

Reportable Conditions – Financial Statements

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 98-1 in Part 2 and is considered a material weakness.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

Part 2: Findings Relating to an Audit in Accordance with Governmental Auditing Standards

98-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the District did not have adequate segregation of functions within the accounting systems.

Recommendation:

Based upon the size of the operation and the cost benefit of additional personnel it may not be feasible to achieve complete segregation of duties.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At September 30, 1998, Wax Lake East Drainage District did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

WAX LAKE EAST DRAINAGE DISTRICT  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Management's Corrective Action Plan For Current Year Findings  
September 30, 1998

Response to Finding 98-1:

No response is considered necessary.