

BAYOU DES CANNES
NEZPIQUE GRAVITY DRAINAGE DISTRICT
Iota, Louisiana
Financial Report
Year Ended December 31, 2019

TABLE OF CONTENTS

	Page No.
Independent Auditor's Report	1-2
 GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Activities	5
 FUND FINANCIAL STATEMENTS	
Balance Sheet	7
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Government Fund	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	10
Notes to Financial Statements	11-18
 ADDITIONAL INFORMATION	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	20
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	22
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 <i>Government Auditing Standards</i>	23-24
Schedule of Findings and Questioned Costs	25-26
Schedule of Prior Year Findings	27
Management's Corrective Action Plan	28

INDEPENDENT AUDITOR' REPORT

To the Board of Commissioners
Bayou des Cannes – Nezpique Gravity Drainage District
Iota, Louisiana

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bayou des Cannes – Nezpique Gravity Drainage District (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, each major fund, and the aggregate remaining fund information of the Bayou des Cannes – Nezpique Gravity Drainage District, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 22 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.

Management has omitted the management 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 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 15, 2020, on our consideration of the Bayou des Cannes – Nezpique Gravity Drainage 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 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 Bayou des Cannes – Nezpique Gravity Drainage District's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

(A corporation of Certified Public Accountants)

Eunice, Louisiana
June 15, 2020

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Statement of Net Position
December 31, 2019

ASSETS

CURRENT ASSETS

Cash	\$ 283,485
Certificates of deposit	450,000
Ad valorem taxes receivable	493,490
State revenue sharing receivable	10,927
Interest receivable	<u>789</u>

Total current assets 1,238,691

NONCURRENT ASSETS

Capital assets:	
Non-depreciable	14,094
Depreciable, net	<u>297,641</u>

Total noncurrent assets 311,735

TOTAL ASSETS \$ 1,550,426

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 5,357
Pension fund deduction payable	16,269
Payroll liabilities	<u>4,317</u>

Total current liabilities 25,943

NET POSITION

Net investment in capital assets	311,735
Unrestricted	<u>1,212,748</u>

Total net position 1,524,483

TOTAL LIABILITIES AND NET POSITION \$ 1,550,426

See accompanying notes and independent auditor's report.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Statement of Activities
Year Ended December 31, 2019

	<u>Governmental Activities</u>
EXPENSES:	
Public Works	<u>\$ 473,518</u>
GENERAL REVENUES:	
Ad valorem taxes	521,744
State revenue sharing	10,927
Donations	10,000
Investment earnings	6,254
Gain on sale of fixed asset	<u>29,882</u>
Total general revenues	<u>578,807</u>
CHANGE IN NET POSITION	105,289
BEGINNING NET POSITION	<u>1,419,194</u>
ENDING NET POSITION	<u>\$ 1,524,483</u>

See accompanying notes and independent auditor's report.

FUND FINANCIAL STATEMENTS

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Balance Sheet
Governmental Fund
December 31, 2019

ASSETS

	<u>General Fund</u>
CURRENT ASSETS	
Cash	\$ 283,485
Certificates of deposit	450,000
Ad valorem taxes receivable	493,490
State revenue sharing receivable	10,927
Interest receivable	<u>789</u>
 TOTAL ASSETS	 <u>\$ 1,238,691</u>

LIABILITIES AND FUND BALANCE

LIABILITIES	
Accounts payable	\$ 5,357
Pension fund deduction payable	16,269
Payroll liabilities	<u>4,317</u>
 Total liabilities	 <u>25,943</u>
 FUND BALANCE	
Unassigned	<u>1,212,748</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 1,238,691</u>

See accompanying notes and independent auditor's report.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
December 31, 2019

Total fund balance - governmental fund	\$ 1,212,748
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	
Capital assets, net	<u>311,735</u>
Net position of governmental activities	<u>\$ 1,524,483</u>

See accompanying notes and independent auditor's report.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Statement of Revenues, Expenditures and
Changes in Fund Balance – Governmental Fund
Year Ended December 31, 2019

Revenues	
Taxes -	
Ad valorem taxes	\$ 521,744
Intergovernmental -	
State revenue sharing	10,927
Donations	10,000
Investment earnings	<u>6,254</u>
Total revenues	<u>548,925</u>
Expenditures:	
Current -	
Public works - drainage	
Salaries and wages	194,170
Compensation paid to the board of commissioners	7,050
Payroll taxes	15,895
Pension fund	16,269
Insurance	36,043
Drainage maintenance	35,295
Equipment leases	91,706
Fuel	16,059
Chemical spraying	1,133
Professional fees	10,190
Telephone	3,899
Utilities	1,919
Other miscellaneous operating	980
Capital outlay	<u>126,900</u>
Total expenditures	<u>557,508</u>
Excess (deficiency) of revenues over expenditures	<u>(8,583)</u>
Other financing sources:	
Proceeds from sale of assets	<u>62,625</u>
	<u>62,625</u>
Net changes in fund balance	54,042
Fund balance, beginning	<u>1,158,706</u>
Fund balance, ending	<u>\$ 1,212,748</u>

See accompanying notes and independent auditor's report.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of the Governmental Funds to the
Statement of Activities
Year Ended December 31, 2019

Net change in fund balances - total governmental funds		\$ 54,042
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.		
Capital Outlay	126,900	
Depreciation expense	<u>(42,910)</u>	83,990
Gain on disposal of fixed asset		29,882
Proceeds from sale of fixed asset		<u>(62,625)</u>
Change in net position		<u>\$ 105,289</u>

See accompanying notes and independent auditor's report.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Bayou des Cannes – Nezpique Gravity Drainage District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies of the District are described below.

Financial Reporting Entity

As provided by Louisiana Revised Statute 38:1607, the District is governed by five commissioners. These five commissioners are referred to as the Board of Commissioners and are appointed by the Acadia Parish Police Jury (the “Police Jury”). The District was created under the authority of Louisiana Revised Statutes 38:1601-1707 and was established for the purpose of draining and reclaiming the undrained or partially drained marsh, swamp, and overflowed lands in the District that must be levied and pumped in order to be drained and reclaimed.

In conformance with GASB Codification Section 2100, the District is a component unit of the Police Jury, the governing body of the Parish and the governmental body oversight responsibility. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general governmental services provided by that governmental unit, and other governmental units that comprise the governmental reporting entity.

Basis of Presentation

The District’s basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements –

The government-wide financial statements include the statement of net positions and the statement of activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

In the government-wide statement of net position, the governmental activities are reported on a full accrual, economic basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position is reported in two parts – net investment in capital assets and unrestricted.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grant while the capital grants include capital-specific grants.

The District reports all direct expenses by function in the government-wide statements of activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is included as a direct expense. The net cost (by function) is normally covered by general revenue (property taxes, intergovernmental revenues, investment earnings, etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Fund financial statements –

The fund financial statements provide information about the District's funds. The emphasis of the fund financial statements is on major governmental funds. The district has only one fund, its General Fund. The General Fund is the District's general operating fund and it is used to account for all of the financial resources of the District.

Basis of Accounting

Government-wide financial statements –

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows takes place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the year for which they are levied. Revenue from grants and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

Fund financial statements –

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period. Property taxes are recognized in the year they are billed. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year-end are considered available and recognized as revenue of the current year.

Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

Fixed assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide statements-

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at cost or estimated historical cost. Donated fixed assets are recorded at their fair value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	5 - 39
Equipment	5 - 10

Fund financial statements –

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

Compensated Absences

District employees earn paid vacation and sick leave. Vacation leave cannot be carried over from one year to another. Sick leave can be carried over up to a maximum of 10 days. Employees are not paid unused vacation and sick leave upon separation.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of 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.

Equity Classifications:

Government-wide statements –

Equity is classified as net position and displayed in two components:

- a. Net investment in capital assets – Consists of capital assets net of accumulated depreciation reduced by the balance of debt used to acquire capital assets, if any.
- b. Unrestricted net position – All other net position that do not meet the definition of “net investment in capital assets.”

The District did not have any restricted net position at December 31, 2019.

Fund financial statements –

Government fund equity is classified as fund balance. GASB Statement 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Commissioners through adoption or management of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt services, or for other purposes).

NOTE 2 CASH AND INTEREST BEARING DEPOSITS

Cash includes amounts in demand deposits.

Under state laws, 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 December 31, 2019, the District had cash (book balance) totaling \$733,485, \$450,000 certificate of deposits and \$283,485 demand deposits.

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 December 31, 2019, are secured as follows:

Bank balances, including certificates of deposit	\$ 738,564
Federal deposit insurance	<u>250,000</u>
Balance uninsured	(488,564)
Pledged securities (Category 3)	<u>886,683</u>
Excess FDIC insurance and pledged securities	<u>\$ 398,119</u>

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 2 CASH AND INTEREST BEARING DEPOSITS (Continued)

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), state law 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 CERTIFICATE OF DEPOSITS

State statutes authorize the District to 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.

The District's investments at December 31, 2019 consisted of time certificates of deposit purchased from local financial institutions. These certificates are not subject to GASB Statement No. 31 requirements, thus, they are stated at cost.

Investments consist of the following certificates of deposit:

Institution	Term	Maturity Date	Interest Rate	Amount
The Evangeline Bank & Trust Co.	6 months	3/4/2020	0.75%	\$ 50,000
The Evangeline Bank & Trust Co.	6 months	3/4/2020	0.75%	50,000
The Evangeline Bank & Trust Co.	9 months	1/28/2020	0.85%	50,000
The Evangeline Bank & Trust Co.	9 months	1/28/2020	0.85%	100,000
The Evangeline Bank & Trust Co.	12 months	3/4/2020	1.56%	<u>200,000</u>
				<u>\$ 450,000</u>

NOTE 4 AD VALOREM TAXES

Government-wide financial statements –

Ad valorem taxes are recognized in the year for which they are levied net of uncollectible amounts, as applicable.

Fund financial statements -

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Taxes are budgeted and the revenue recognized in the year they are levied. The taxes are based on assessed values determined by the Tax Assessor of Acadia Parish and are collected by the Sheriff. The taxes are remitted to the District net of deductions for Pension Fund contributions.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 4 AD VALOREM TAXES (Continued)

The district authorized and levied general corporate taxes of 6.00 mills on property with assessed valuations totaling \$82,248,308, exclusive of homestead exemptions, for the year ended December 31, 2019.

Total taxes levied, exclusive of homestead exemptions, was \$531,268 for year the ended December 31, 2019. Ad valorem taxes receivable consist of taxes collected by the Acadia Parish Sheriff's Office that have not been remitted to the District and amounts due from taxpayers. Ad valorem taxes receivable at December 31, 2019 totaled \$493,490, all of which are deemed collectible.

NOTE 5 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated -				
Land	\$ 14,094	\$ -	\$ -	\$ 14,094
Capital assets being depreciated -				
Building and improvements	170,349	-	-	170,349
Equipment	<u>353,945</u>	<u>126,900</u>	<u>(45,688)</u>	<u>435,157</u>
Total capital assets being depreciated	<u>524,294</u>	<u>126,900</u>	<u>(45,688)</u>	<u>605,506</u>
Less accumulated depreciation for -				
Building and improvements	(50,914)	(4,750)	-	(55,664)
Equipment	<u>(226,986)</u>	<u>(38,160)</u>	<u>12,945</u>	<u>(252,201)</u>
Total accumulated depreciation	<u>(277,900)</u>	<u>(42,910)</u>	<u>12,945</u>	<u>(307,865)</u>
Total capital assets being depreciated, net	<u>246,394</u>	<u>83,990</u>	<u>(32,743)</u>	<u>297,641</u>
Total capital assets, net	<u>\$260,488</u>	<u>\$ 83,990</u>	<u>\$ (32,743)</u>	<u>\$311,735</u>

Depreciation expense was charged to functions as follows:

Public works	<u>\$ 42,910</u>
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BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 6 COMPENSATION PAID TO THE BOARD COMMISSIONERS

Compensation paid to commissioners for the year ended December 31, 2019 is as follows:

Troy Fruge	\$ 1,800
Danny Wimberly	1,800
Terry Broussard	1,800
Earl Garber	<u>1,650</u>
	<u>\$ 7,050</u>

NOTE 7 OPERATING LEASES

The District is committed under various operating leases for equipment with terms of three years. Total lease expenditures for the year ended December 31, 2019 were \$90,146. Future minimum lease payments under these leases are as follows:

2020	\$ 94,462
2021	64,046
2022	<u>22,109</u>
Total	<u>\$ 180,617</u>

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to cover any claims related to these risks.

NOTE 9 SUBSEQUENT EVENTS

The District evaluated the need for disclosures and/or adjustments resulting from subsequent events through June 15, 2020, the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our resources, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

ADDITIONAL INFORMATION

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Schedule of Compensation, Benefits, and Other Payments to Agency Head
Year Ended December 31, 2019

Rebecca Manuel, Office Manager	
<u>Purpose</u>	<u>Amount</u>
Salary	\$ 17,700

REQUIRED SUPPLEMENTARY INFORMATION

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Budgetary Comparison Schedule
General Fund
Year December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
Revenues:				
Taxes -				
Ad valorem taxes	\$ 465,000	\$ 468,000	\$ 521,744	\$ 53,744
Intergovernmental -				
State revenue sharing	7,000	7,000	10,927	3,927
Donations	-	10,000	10,000	-
Investment income	<u>3,000</u>	<u>6,000</u>	<u>6,254</u>	<u>254</u>
 Total revenues	 <u>\$ 475,000</u>	 <u>\$ 491,000</u>	 <u>\$ 548,925</u>	 <u>\$ 57,925</u>
 Expenditures:				
Current -				
Public works - drainage:				
Salaries and wages	191,000	194,000	194,170	(170)
Compensation paid to the board of commissioners	7,000	7,000	7,050	(50)
Payroll taxes	15,000	15,000	15,895	(895)
Pension fund	20,000	20,000	16,269	3,731
Insurance	35,000	35,000	36,043	(1,043)
Drainage maintenance	110,000	65,000	59,285	5,715
Equipment leases	82,000	84,000	91,706	(7,706)
Professional fees	15,000	11,000	10,190	810
Capital outlay	<u>-</u>	<u>126,900</u>	<u>126,900</u>	<u>-</u>
 Total expenditures	 <u>475,000</u>	 <u>557,900</u>	 <u>557,508</u>	 <u>392</u>
 Excess of revenues over expenditures				
 Other financing sources:				
Proceeds from sale of assets	<u>-</u>	<u>62,625</u>	<u>62,625</u>	<u>-</u>
Net change in fund balance	-	(4,275)	54,042	57,533
Fund balance, beginning	<u>1,158,706</u>	<u>1,158,706</u>	<u>1,158,706</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,158,706</u>	<u>\$ 1,154,431</u>	<u>\$ 1,212,748</u>	<u>\$ 58,317</u>



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
Bayou des Cannes – Nezpique Gravity Drainage District
Iota, 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, each major fund, and the aggregate remaining fund information of Bayou des Cannes – Nezpique Gravity Drainage District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Bayou des Cannes – Nezpique Gravity Drainage District's basic financial statements and have issued our report thereon dated June 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bayou des Cannes – Nezpique Gravity Drainage District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bayou des Cannes – Nezpique Gravity Drainage District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bayou des Cannes – Nezpique Gravity Drainage 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 entity'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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be material weaknesses.

Compliance and Other Matters

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

Purpose of this Report

The 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.

Darnall, Sikes, & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

June 15, 2020

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report - Financial Statements

An unmodified opinion has been issued on Bayou des Cannes – Nezpique Gravity Drainage District's financial statements as of and for the year ended December 31, 2019.

Deficiencies and Material Weaknesses in Internal Control - Financial Reporting

We noted one deficiency in internal control over financial reporting during the audit of the financial statements, reported as item 2019-001 in Part II below, which is considered to be a material weakness.

Material Noncompliance - Financial Reporting

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

FEDERAL AWARDS

This section is not applicable for the fiscal year ended December 31, 2019.

Part II Findings Relating to an Audit in Accordance with *Governmental Auditing Standards*.

2019-001 Segregation of Duties

Condition:

The District did not have adequate segregation of functions within the accounting system.

Criteria:

SAS109, Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement, AU314.43 defines internal control as follows:

“Internal control is 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.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT501.03 states:

“An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity'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.”

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2019

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:

Considering the cost/benefit implications to the District, all efforts should be made to achieve the highest level of segregation of duties possible.

Part III: Findings and Questioned Costs Relating to Federal Programs

At December 31, 2019, the Bayou des Cannes – Nezpique Gravity Drainage District did not meet the requirements to have a single audit in accordance with the Uniform Guidance, therefore this section is not applicable.

Part IV: Management Letter

The auditor did not issue a management letter this year.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Schedule of Prior Year Findings
Year Ended December 31, 2019

ML (2018-001) Finding: Segregation of Duties

Status: This finding is unresolved. See current year finding 2019-001.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Management's Corrective Action Plan
Year Ended December 31, 2019

2019-001 Segregation of Duties

Response:

The District has provided as much segregation of duties as is feasibly possible at this time.



INDEPENDENT ACCOUNTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mrs. Becky Manuel &
Board of Commissioners
Bayou des Cannes – Nezpique
Gravity Drainage District
Iota, Louisiana

We have performed the procedures enumerated below, which were agreed to by Bayou des Cannes - Nezpique Gravity Drainage District (District), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
Written policies and procedures were obtained and address the functions above.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Written policies and procedures were obtained and address the functions above.

- c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions above.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Written policies and procedures were obtained and address the functions above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions above.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
Written policies and procedures were obtained and address the functions above.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
Written policies and procedures were obtained and address the functions above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
Written policies and procedures were obtained and address the functions above.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and address the functions above.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
The District does not have any written policies and procedures that address the functions noted above.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Obtained and reviewed minutes of the board for the fiscal period noting that the board met monthly in accordance with the District's policy.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Minutes do include monthly budget-to-actual comparisons for the General Fund and major funds identified as such for the twelve meetings held during the fiscal period.

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

Deficit spending was not noted during the fiscal period.

Bank Reconciliations

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

Obtained a listing of client bank accounts from management and management provided representation that the listing is complete. We selected both of the two bank accounts maintained by the District.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
Bank reconciliation have been prepared for all months during the fiscal period for the bank accounts selected.
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
Bank reconciliation include evidence of management's review of the bank reconciliation of all bank reconciliations selected for testing.
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
One of the two bank accounts selected had reconciling items outstanding for more than 12 months which did not have evidence of management researching those items.

Collections (excluding EFTs)

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

Obtained listing of deposit site locations and management provided representation that the listing is complete.

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

Obtained listing of cash collection locations and management provided representation that the listing is complete.

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

The District has written policies and procedures that address the functions above.

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

Employee responsible for collecting cash is responsible for preparing/making bank deposits.

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

Employee responsible for collecting cash is responsible for posting collection entries to the general ledger or subsidiary ledger.

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

Employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash.

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

Employees who have access to cash are not covered by a bond or insurance policy for theft.

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

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

Noted receipts are sequentially pre-numbered.

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

Traced supporting documentation the the deposit slip noting no exceptions.

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

For the deposit dates selected, traced the deposit slip totals to the actual deposit per the bank statement.

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

Cash collection documentation was obtained for the selected weeks and we noted two deposits tested were not made within one day of collection. The number of days from receipt to deposit are summarized below:

Collection Day	Number of days between receipt to deposit
1/8/2019	7
12/6/2019	10

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

For the deposit dates selected, traced the actual deposit per the bank statement to the general ledger.

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

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

Obtained listing of disbursements and management provided representation that the listing is complete.

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

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

Observed that two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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

Observed that two employees are involved in the processes noted above.

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

Observed that the employee responsible for processing payments is allowed access to add/modify vendor files, but another employee is responsible for periodically reviewing changes to vendor files.

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

Observed that the employee responsible for signing and mailing checks is not responsible for processing payments.

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

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

For each selected disbursement noted the disbursement matched the related original invoice/billing statement.

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

For each selected disbursement, noted the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained listing of all active credit cards and management provided representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Examined supporting documentation for the monthly statements selected noting the statements did have written evidence of being reviewed and approved by someone other than the authorized card holder.

b) Observe that finance charges and late fees were not assessed on the selected statements.

The District did incur finance charges and/or late fees on one of the selected two statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Transactions selected for testing were supported by an original itemized receipt, documentation of the business/public purpose and documentation of the individuals participating in meals for all meal charges noted.

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

This section is not applicable.

Contracts

This section is not applicable.

Payroll and Personnel

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

Obtained listing of employees with their related salaries and management's representation that the listing is complete. For the five employees selected, documentation of pay rate structure was not available and changes to pay rates during the fiscal period were not approved in writing.

15. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #14 above, obtain attendance records and leave documentation for the pay period, and:

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

Observed that all selected employees documented their daily attendance and leave.

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

Observed that supervisors approved the attendance and leave of the selected employees.

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

Observed that any leave accrued or taken during the pay period was reflected in the entity's cumulative leave records.

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

No employee was terminated during the fiscal period.

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

Obtained supporting documentation relating to the functions listed above noting that related payments and required reporting forms were submitted to the applicable agencies by the required deadlines.

Ethics

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

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

Documentation of the function noted above was not available for the five employees selected.

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

Documentation of the function noted above was not available for the five employees selected.

Debt Service

19. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

The District did not have any bonds/notes issues during the current fiscal year.

20. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The District did not have any bonds/notes outstanding during the current fiscal year.

Other

21. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the District did not have any misappropriation of public funds or assets during the reporting period.

22. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required notices are not posted on the District's premises and website.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

Eunice, Louisiana
June 15, 2020

June 15, 2020

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants
Eunice, Louisiana

The following is management's response to the 2019 AUP report submitted for Bayou des Cannes – Nezpique Gravity Drainage District.

Written Policies and Procedures

1. k) Existence of policies and procedures.

Response: Drainage District is a small operation with one computer used for bookkeeping purposes. Bookkeeping is backed up regularly with the use of a jump drive that is stored in a safekeeping area.

Bank Reconciliations

3. c) Bank reconciliations with old outstanding items.

Response: Bank statement are viewed by the Board on a monthly basis. Outstanding items will also be viewed monthly in the future.

Collections

5. b) Segregation of job duties.

Response: Drainage District is a small operation with only one (1) bookkeeper hired on part-time basis.

5. c) Segregation of job duties.

Response: Drainage District is a small operation with only one (1) bookkeeper hired on part-time basis.

5. d) Segregation of job duties.

Response: Drainage District is a small operation with only one (1) bookkeeper hired on part-time basis.

6. Bond or insurance policy for theft.

Response: Due to no physical cash being received, bond or insurance policy is deemed not necessary for the Drainage District.

7. d) Number of days between receipt to deposit

Response: Bank is in Crowley and deposits are either mailed or delivered to bank by part-time bookkeeper whenever it is possible. Monies are only received monthly by mail not on a daily basis.

Credit Cards

12. b) Finance charges

Response: Bills are paid once monthly after each Board Meeting. Therefore the billing cycles do not correspond with the monthly payments.

Payroll

14. Employment contract or pay rate structure.

Response: The Drainage Board follows the pay rate structure of the Acadia Parish Police Juror.

Ethics

18. a) Documentation of one hour ethics training

Response: Will require all one hour ethics training in future and require documentation be held in files.

18. b) Documentation of employee/official having read ethics policy

Response: Will require all one hour ethics training in future and require documentation be held in files.

Other

22. Required notices on premises and website

Response: Drainage District has no website available and was not aware of any notice needing to be posted. Drainage District will post for the future.