

**FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana**

**Annual Financial Statements
December 31, 2025**

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana
Annual Financial Statements
As of and for the Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board Members of
First Ward Gravity Drainage District
Rayne, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund information of the First Ward Gravity Drainage District (District), a component unit of the Acadia Parish Police Jury, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the District, as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2026, on our consideration of 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 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.

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana

July 7, 2026

BASIC FINANCIAL STATEMENTS

**FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana**

**Governmental Funds Balance Sheet / Statement of Net Position
as of December 31, 2025**

			Statement A
	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 63,400	-	63,400
Due from Other Governments-ad valorem taxes (net of allowance for doubtful accounts of \$5,281)	441,454	-	441,454
Due from Other Governments-state revenue sharing	13,922	-	13,922
Prepaid Insurance	8,398	-	8,398
Capital and Right-to-use assets, net	-	615,931	615,931
TOTAL ASSETS	527,174	615,931	1,143,105
LIABILITIES			
Accounts payable	\$ 4,523	-	4,523
Payroll and related liabilities	2,747	-	2,747
Due to other governments-pension fund	17,593	-	17,593
Long-term liabilities:			
Due within one year:			
Compensated absences payable	-	6,383	6,383
Lease Liability	-	168,292	168,292
Due in more than one year:			
Compensated absences payable	-	15,173	15,173
Lease Liability	-	342,948	342,948
Total Liabilities	24,863	532,796	557,659
DEFERRED INFLOW OF RESOURCES			
Deferred property tax revenues	522,480	-	522,480
Deferred state revenue sharing	13,922	-	13,922
Total Deferred Inflow of Resources	536,402	-	536,402
FUND BALANCE			
Non-spendable-prepaid expense	8,398	(8,398)	-
Unassigned	(42,489)	42,489	-
Total Fund Balance	(34,091)	34,091	-
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 527,174		
NET POSITION			
Investment in capital assets, net		104,691	104,691
Unrestricted		(55,647)	(55,647)
TOTAL NET POSITION		\$ 49,044	49,044

The accompanying notes are an integral part of this statement.

**FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana**

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2025**

Statement B

Total Ending Fund Balances - Governmental Funds (Statement A)	\$	(34,091)
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Costs of capital assets	\$	268,309	
Accumulated depreciation		(159,355)	
Costs of right-to-use assets		845,121	
Accumulated amortization		<u>(338,144)</u>	
			615,931

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Lease liability	\$	(511,240)	
Compensated absences payable		<u>(21,556)</u>	
			(532,796)

Net Position	\$	<u><u>49,044</u></u>
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The accompanying notes are an integral part of this statement.

FIRST WARD GRAVITY DRAINAGE DISTRICT**ACADIA PARISH POLICE JURY**

Rayne, Louisiana

GENERAL FUND**Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities**

For the Year Ended December 31, 2025

			Statement C
	General Fund	Adjustments	Statement of Activities
EXPENDITURES/ EXPENSES			
Public Works:			
Personal services - salaries and benefits	\$ 140,860	622	141,482
Per diem expense - board members	9,750	-	9,750
Professional services	25,350	-	25,350
Operating services-contractors	57,916	-	57,916
Repairs and maintenance	14,155	-	14,155
Fuel	30,597	-	30,597
Insurance	23,227	-	23,227
Taxes and licenses	15,783	-	15,783
Other	2,757	-	2,757
Intergovernmental:			
Deduction from ad valorem taxes-pension	17,205	-	17,205
Capital Outlay	16,500	(16,500)	-
Debt Service			
Principal	185,169	(185,169)	-
Interest	19,697	-	19,697
Amortization Expense	-	189,012	189,012
Depreciation Expense	-	18,281	18,281
Total Expenditures/ Expenses	558,966	6,246	565,212
GENERAL REVENUES			
Ad valorem taxes, including interest	520,497	-	520,497
Intergovernmental revenues:			
State revenue sharing	13,888	-	13,888
Interest earnings	1,962	-	1,962
Other revenue	3,901	-	3,901
Total General Revenues	540,248	-	540,248
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,718)	18,718	-
CHANGE IN NET POSITION	-	(24,964)	(24,964)
FUND BALANCE/ NET POSITION-			
BEGINNING OF YEAR	(15,373)	89,381	74,008
END OF YEAR	\$ (34,091)	83,135	49,044

The accompanying notes are an integral part of this statement.

**FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025**

Statement D

Total Net Change in Fund Balance - Governmental Funds (Statement C)	\$	(18,718)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period:

Depreciation expense	(18,281)	
Capital outlays	16,500	
Amortization expense	<u>(189,012)</u>	
		(190,793)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The net amount of these transactions for the current year were as follows:

Payments to lease liability	185,169
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In the statement of activities, certain operating expenses - compensated absences (vacations and other absences) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid):

Change in compensated absences payable	(622)
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Change In Net Position of Governmental Activities	\$	<u>(24,964)</u>
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NOTES TO THE BASIC FINANCIAL STATEMENTS

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana

Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2025

INTRODUCTION

The First Ward Gravity Drainage District (District) was created by the Acadia Parish Police Jury pursuant to LSA-RS 38:1751 to 1904. The District primarily has the power and authority, within its boundaries, to plan, construct, maintain and operate such works of improvement as land treatment of watershed protection, flood prevention works, irrigation improvements, recreation, municipal and industrial water storage, and fish and wildlife developments.

Under the provisions of LSA-RS 38:1758, the District shall be governed and controlled by five commissioners who shall be the governing authority of the District. These commissioners or their spouses must own at least five hundred dollars in real estate in the district, or they must be the representative of some corporation owning at least five hundred dollars in real estate in the district. Each commissioner shall serve a term of four years. In the absence of any petition or recommendation, the Police Jury may appoint commissioners at their discretion.

The District does not have an established office location, but advertises the location of its monthly meeting in a local newspaper. The District staff is comprised of one part-time secretary.

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the First Ward Gravity Drainage District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

Because the Police Jury appoints members of the board and has the ability to significantly influence operations, the District was determined to be a component unit of the Acadia Parish Police Jury, the governing body of the parish with the oversight responsibility. The accompanying financial statements present information only on the funds maintained by the District and do not present information of the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana

Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2025

C. FUND ACCOUNTING

The District uses a fund (General fund) to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain tax assessment functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all of the District's general activities. These funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District. The following are the District's governmental funds:

General Fund – the primary operating fund of the District and it accounts for all financial resources except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the drainage district's policy.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statement (FFS)

The amounts reflected in the General Fund of Statements A and C are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District's operations.

The amounts reflected in the General Fund of Statements A and C use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end.

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana

Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2025

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practice in recording revenues and expenditures:

Revenues

Ad valorem taxes are recognized in the year the taxes are assessed, and to the extent they are available within 60 days of the year end. Ad valorem taxes are assessed for the calendar year, become due on November 15 of each year, and become delinquent on December 31. Ad valorem taxes are recognized as revenue in the period for which they are being levied to finance the budget.

Interest earnings on time deposits with financial institutions are recorded when the time deposits have matured and the interest is available to the District.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement C) display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana

Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2025

E. DEPOSITS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

State statutes authorize the District to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

The District did not hold any investments at December 31, 2025.

F. DEFERRED INFLOWS OF RESOURCES

This separate financial statement element reflects an increase in net assets that applies to a future period. Deferred inflow of resources reported in the accompanying statements relate to property tax revenues assessed in 2025 but levied to finance the drainage district's 2026 expenditures. The District will not recognize the related revenues until 2026.

G. CAPITAL ASSETS

Fund Financial Statements

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

Government-wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

**FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY**

Rayne, Louisiana

Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2025

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life by type of assets is as follows:

<u>Description</u>	<u>Estimated Lives</u>
Building and Fence	5-10
Equipment	5-10

H. LEASES

The District recognizes lease liabilities and intangible right-to-use lease assets for lease agreements with terms greater than one year, unless the lease qualifies as a short-term lease. Lease liabilities are initially measured at the present value of payments expected to be made during the lease term.

The District uses the interest rate implicit in the lease, when readily determinable, or its estimated incremental borrowing rate to discount lease payments to present value.

The related right-to-use lease assets are initially measured at the amount of the lease liability, adjusted for lease payments made at or before the commencement of the lease term and certain initial direct costs, when applicable.

Right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

I. FUND EQUITY

Fund Financial Statements

Governmental funds can report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form- prepaid items or inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance can be comprised of the remaining four classifications: restricted, committed, assigned, and unassigned defined as follows:

**FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY**

Rayne, Louisiana

Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2025

Restricted fund balance- This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance- These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the organization's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance- This classification reflects the amounts constrained by the organization's "intent" to be used for specific purposes, but are neither restricted nor committed. The District has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance- This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Government-wide Financial Statements

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Equity on the government-wide financial statements is classified as net position and displayed in three categories:

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

Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the District's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – Consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

**FIRST WARD GRAVITY DRAINAGE DISTRICT
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Notes to the Basic Financial Statements
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When both restricted and unrestricted net position are available for use, it is the District's policy to use restricted net position first, then unrestricted net position as they are needed.

J. COMPENSATED ABSENCES

Each full-time employee shall be entitled to vacation pay. Employees must complete one (1) full year of employment to be eligible for vacation benefits. Employees earn vacation in the following manner:

- On 1st anniversary date through 2nd anniversary date 40 hours
- On 2nd anniversary date 80 hours

Employees may not accumulate and carry forward annual vacation. Annual vacation may be taken as earned, subject to the approval of the department head. Regular holidays and/or normal non-working days occurring during a leave period shall not be considered as annual vacation. Annual vacation will be scheduled at such time as shall be mutually agreeable to the employee and immediate supervisor. Due consideration will be given to an employee's seniority in regard to scheduling annual vacations.

No employee shall be credited with annual vacation for any calendar month:

During which he/she has not been employed in a permanent status.
During which he/she has been on leave without pay for ten (10) or more working days.

Upon voluntary resignation or retirement, an employee shall be compensated for annual vacation accumulated to the date of separation not to exceed twenty (20) working days, provided, in the case of resignation, he/she has completed 12 or more months of continued service and met established qualifications contain in district policy.

At the end of each one (1) year period all unused annual vacation shall be automatically converted into sick leave.

Sick leave is defined as any period of time during which an employee may be excused from work without loss of pay due to:

- Personal illness, injury, or any other type of physical disability
- Dental, medical or optical examinations
- Serious illness in the employee's immediate family. For the purpose of this section, the immediate family shall be deemed to include the parents, grandparents, spouse, children, grandchildren, brothers, sisters, immediate in-laws, step-parents and step-children.

**FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY**

Rayne, Louisiana

Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2025

Sick leave shall be credited to a permanent full-time employee at the rate of eight (8) hours for each month of continued employment. Permanent part-time employees shall accumulate sick leave on a pro rate basis. Sick leave may be accumulated by an employee without limitation as to the maximum number of days.

Upon voluntary resignation or retirement an employee shall be compensated for sick leave accumulated to the date of separation, not to exceed sixty (60) days, has completed 12 (twelve) or more months of continuous service and meet the qualifications for employee separations per Districts policy.

An employee on sick leave shall inform his supervisor of the fact and the reason as soon as possible, failure to do so within one-half (1/2) hour after employee is due to be on the job the first day of illness, may result in denial of sick leave with pay for the period of absence. The employee will submit to such medical examination, nursing visit or other inquiry which the supervisor deems necessary. Absence for part of a day that is chargeable to sick leave shall be charged proportionately in an amount not less than one-half (1/2) day.

K. ESTIMATES

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

2. LEVIED TAXES

The following is a summary of authorized and levied property taxes:

	Authorized Millage	Levied Millage	Expiration Date
Parish –wide tax	7.68	7.68	2030

Property taxes are levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Acadia Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law.

**FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY**

Rayne, Louisiana

Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2025

Property taxes are due and payable on December 31st and become delinquent on January 1st following the year in which they are levied. Taxes may be paid through the tax sale date, which is typically held in June.

Property taxes levied in 2024 were intended to finance the District's 2025 budget and are recognized as revenue in the year ended December 31, 2025, to the extent they are measurable and available.

Property taxes levied in 2025 are intended to finance the District's 2026 budget and have been reported as receivables and deferred inflows of resources at December 31, 2025. These amounts will be recognized as revenue in the year ended December 31, 2026 when they become available.

3. DEPOSITS

Bank Deposits:

The year end balances of deposits are as follows:

<u>Deposit Type</u>	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash –demand deposits	\$ 77,647	\$ 63,400
Totals	\$ <u>77,647</u>	\$ <u>63,400</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. 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.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires that all uninsured deposits must be secured with acceptable collateral as defined in LRS 39:1221 valued at market. As of December 31, 2025, the District had deposits (collected bank balances) totaling \$77,647. As of yearend all deposits were either insured by FDIC coverage or collateralized by securities held by the pledging financial institution's agent in the name of the District.

**FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY**

Rayne, Louisiana

Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2025

4. CAPITAL AND RIGHT-TO-USE ASSETS

A summary of changes as follows:

	Balance Beginning	Additions	Dispositions /Reclassifications	Balance Ending
Capital assets not being depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Building and Fence	121,227		-	121,227
Equipment	174,455	16,500	(43,873)	147,082
Total capital assets Being depreciated	295,682	16,500	(43,873)	268,309
Less: accumulated depreciation:				
Building and Fence	28,532	11,666	-	40,198
Equipment	156,414	6,615	(43,873)	119,156
Total accumulated Depreciation	184,947	18,281	(43,873)	159,355
Total capital assets Being depreciated, net	110,735	(1,781)	-	108,954
Right-to-use Lease Assets:				
Equipment	990,744	-	(145,623)	845,121
Total right-to-use leased assets	990,744	-	(145,623)	845,121
Less accumulated amortization for:				
Equipment	294,755	189,012	(145,623)	338,144
Total accumulated amortization	294,755	189,012	(145,623)	338,144
Total right-of-use leased Assets being amortized, net	695,989	(189,012)	-	506,977
Capital and Right-to-use leased assets, net	\$ 806,724	\$ (190,793)	\$ -	\$ 615,931

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana

Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2025

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term liability activity for the year:

	Balance Beginning	Additions	Reductions	Balance Ending	Due within One Year
Lease liability	\$ 696,412	\$ -	\$ 185,169	\$ 511,240	\$ 168,292
Compensated absences payable, net	20,931	625	-	21,556	6,383
	<u>\$ 717,343</u>	<u>\$ 625</u>	<u>\$ 185,169</u>	<u>\$ 532,796</u>	<u>\$ 174,675</u>

*The change in compensated absences liability is presented as a net change.

The District has entered into lease agreements involving three excavators. The leases have terms ranging from approximately four to five years. The total of the District's right-to-use leased assets are recorded at a cost of \$845,121, less accumulated amortization of \$338,144.

The future minimum lease payments under lease agreements are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	\$ 168,292	\$ 14,459	\$ 182,751
2027	173,570	9,181	182,751
2028	136,257	3,851	140,108
2029	33,121	382	33,503
2030	-	-	-
2031-2035	-	-	-
2036-2040	-	-	-
2041-2045	-	-	-
	<u>\$ 511,240</u>	<u>\$ 27,873</u>	<u>\$ 539,113</u>

6. LITIGATION AND CLAIMS

As of the date of this report, the District is not involved in any litigation and is not aware of any pending claims that could have a material impact on these financial statements.

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana

Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2025

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance to cover all of these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

8. DEFICIT FUND BALANCE

At December 31, 2025, the General Fund reported a deficit fund balance of \$34,091. The deficit primarily resulted from increased drainage maintenance and related operating costs incurred during the year to address accumulated maintenance needs. Management is evaluating future spending levels and available resources to reduce the deficit fund balance over time.

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2025, the District engaged in transactions with related parties, including a contracted service provider performing significant administrative functions, employees of the District, and its primary government, the Acadia Parish Police Jury.

The District reimbursed a contracted service provider, who performs the District's accounting and administrative functions, approximately \$16,591 for vehicle rental expenses incurred on behalf of the District using a personal credit card. These expenditures were made to support District operations due to limitations on District purchasing capabilities.

The District also paid an employee approximately \$7,700 for the use of a personally owned truck and trailer used in District operations.

In addition, the District paid approximately \$9,587 to the Acadia Parish Police Jury, its primary government, for employee health insurance benefits.

At December 31, 2025, there were no amounts due to or from related parties.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 7, 2026, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

**FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana**

**GOVERNMENTAL FUND - GENERAL FUND
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2025**

Schedule 1

	<u>Budgeted Amounts</u>		Actual Amounts (Non-GAAP Budgetary Basis)	Variance Favorable/ (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Ad valorem taxes, including interest	\$ 494,700	520,735	520,497	(238)
Intergovernmental revenues:				
State revenue sharing	14,019	13,888	13,888	-
Interest earnings	1,200	1,961	1,962	1
Other revenue	7,800	3,901	3,901	-
Total Revenues	<u>517,719</u>	<u>540,485</u>	<u>540,248</u>	<u>(237)</u>
EXPENDITURES				
Public Works:				
Personnel services - salaries and benefits	136,998	137,860	140,505	(2,645)
Per diem expense - board members	9,050	9,750	9,750	-
Professional services	25,250	25,350	25,350	-
Operating services-contractors	35,050	62,215	62,216	(1)
Repairs and maintenance	15,000	14,297	14,296	1
Rental of equipment	220,668	213,395	204,866	8,529
Fuel	26,000	30,700	30,700	-
Insurance	25,000	26,853	23,227	3,626
Taxes and licenses	5,000	18,060	17,257	803
Other	2,653	3,303	3,303	-
Intergovernmental:				
Deduction from ad valorem taxes-pension	17,000	17,205	17,205	-
Capital Outlay	50	16,500	16,500	-
Total Expenditures	<u>517,719</u>	<u>575,488</u>	<u>565,175</u>	<u>10,313</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(35,003)	(24,927)	10,076
FUND BALANCE AT BEGINNING OF YEAR	<u>(2,512)</u>	<u>(2,512)</u>	<u>(2,512)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (2,512)</u>	<u>(37,515)</u>	<u>(27,439)</u>	<u>10,076</u>

FIRST WARD GRAVITY DRAINAGE DISTRICT
Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2025

A. BUDGETARY PRACTICES

General Budget Practices The First Ward Gravity Drainage District (District) follows the procedures below in establishing budgetary data reported in the accompanying budgetary comparison schedule.

Pursuant to the Louisiana Local Government Budget Act (Louisiana Revised Statutes 39:1301–1315), the District is required to adopt an annual budget and, when applicable, provide public notice and conduct a public hearing prior to adoption. For the year ended December 31, 2025, a public hearing was conducted; however, the required notice of the proposed budget and public hearing was not published in accordance with Louisiana Revised Statute 39:1307. This matter is reported as Finding 2025-3 in the Schedule of Findings and Responses.

Each year prior to December 15th, the District develops a proposed annual budget for the general fund. The budget includes proposed expenditures and the means of financing them. Under normal procedures, the proposed budget is advertised as available for public inspection at least 10 days prior to final adoption, along with notice of the date of the public hearing, and a public hearing is conducted during a board meeting to obtain public input. The budget is subsequently adopted by the Board through a formal budget resolution.

As disclosed above, for the year ended December 31, 2025, the District did not publish the required notice of the proposed budget and public hearing in accordance with Louisiana Revised Statute 39:1307.

General fund appropriations (unexpended budget balances) lapse at end of fiscal year.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the object level. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments. All budget revisions are approved by the Board of Control.

Budget Basis of Accounting The budget is prepared on a modified cash basis of accounting, which differs from accounting principles generally accepted in the United States of America. Accordingly, a reconciliation of budgetary basis amounts to GAAP basis amounts is presented in Note C. Legally, the District cannot adopt a budget in which total expenditures and other financing uses exceed total budgeted revenues and other financing sources, including beginning fund balance. State statutes require the District to amend the budget to prevent overall projected revenues, expenditures, or beginning fund balance from causing an adverse budget variance of five percent or more in an individual fund.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL MAJOR FUNDS

The following budgeted major funds had actual expenditures over budgeted expenditures for the fiscal year:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ -	\$ -	\$ -

Reason for unfavorable variance: Not applicable.

FIRST WARD GRAVITY DRAINAGE DISTRICT
Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2025

C. BUDGET BASIS TO ACTUAL GAAP RECONCILIATION

The following reconciles the amount shown as excess of receipts over disbursements on the non-GAAP budget basis (page 23), with the amount shown on the GAAP basis (page 7):

Excess (Deficiency) of revenues and other sources over Expenditures and other uses (Non-GAAP Budgetary Basis) – page 23	\$	(24,927)
Add:		
Current-year receivables		-
Prior-year payables and deferred revenues		12,863
Less:		
Prior-year receivables		-
Current-year payables and deferred revenues		<u>(6,654)</u>
Excess (Deficiency) of revenues and other sources over expenditures and other uses (GAAP Basis) – page 7	\$	<u><u>(18,718)</u></u>

The reconciliation of amounts reported on page 23 as fund balance at end of year to amounts reported as fund balance on page 5 is as follows:

Fund balance at end of year (Non-GAAP Budgetary Basis) – page 23	\$	(27,439)
Revenue accruals		
Expenditure accruals		<u>(6,652)</u>
Fund balance (GAAP Basis) – page 5	\$	<u><u>(34,091)</u></u>

OTHER SUPPLEMENTARY INFORMATION

FIRST WARD GRAVITY DRAINAGE DISTRICT
Rayne, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
or Chief Executive Officer
For the Year Ended December 31, 2025

Schedule 2

Agency Head Name:

Jamie A Conques

Agency Head Title:

President

Per Diem

\$ 1,800

\$ 1,800

FIRST WARD GRAVITY DRAINAGE DISTRICT

Rayne, Louisiana

Schedule of Compensation Paid to Commissioners

For the Year Ended December 31, 2025

Schedule 3

James D Ancelet	\$	1,950
Jamie A Conques		1,800
Jacob P Dogua		2,100
Richard Faul		2,100
Danny L Richard		1,800
	\$	<u>9,750</u>

**OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**

Mike B. Gillespie

Certified Public Accountant

A Professional Accounting Corporation

Mike B. Gillespie, CPA, CGMA
Eric C. Gillespie, CPA

414 East Nezpique Street
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Jennings, LA 70546
Telephone: (337) 824-7773
Fax: (337) 824-7774

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 *GOVERNMENTAL AUDITING STANDARDS*

To the Board of
First Ward Gravity Drainage District
Rayne, 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 the major fund information of the First Ward Gravity Drainage District (District), a component unit of the Acadia Parish Police Jury, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 7, 2026.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness. This material weakness is listed as finding 2025-1.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2025-2, 2025-3, 2025-4, and 2025-5.

First Ward Gravity Drainage District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of current year findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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. The 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana

July 7, 2026

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the First Ward Gravity Drainage District.
2. No significant deficiencies were disclosed during the audit of the financial statements and reported in the 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. However, one material weakness was reported.
3. Four instances of noncompliance material to the financial statements of the First Ward Gravity Drainage District, which would be required to be reported in accordance with Government Auditing Standards, was disclosed during the audit.
4. Since the First Ward Gravity Drainage District did not require a Single Audit, a report on significant deficiencies conditions concerning internal control over major federal award programs was not applicable.
5. Since the First Ward Gravity Drainage District did not require a Single Audit, an auditor's report on compliance for the major federal award programs was not applicable.
6. Since the First Ward Gravity Drainage District did not require a Single Audit, a report of audit findings relative to the major federal award programs was not applicable.
7. A management letter was not issued.
8. The programs tested as major programs included:

<u>Assisted Listing No.</u>	<u>Program Name</u>
Not applicable	Not applicable

9. The threshold used for distinguishing between Type A and B federal award programs was not applicable.
10. A statement as to whether the auditee qualified as a low-risk auditee under Uniform Guidance (2 CFR Part 200) was not applicable, as the District was not subject to a Single Audit.

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2025

SECTION II – INTERNAL CONTROL AND COMPLIANCE FINDINGS

2025-1 Internal Control- Lack of Segregation of Duties – Repeat Finding

Condition: The District has limited personnel within its administrative and accounting functions, resulting in a complete concentration of key financial responsibilities within a single individual (Secretary). The Secretary performs incompatible functions across all phases of the District's financial operations, including authorization, custody, recording, and reconciliation activities. As a result, a single individual maintains control over substantially all aspects of financial transactions from initiation through recording and reconciliation across all major transaction cycles. Due to the lack of additional personnel, segregation of duties is not present, and independent review over key financial activities is limited or nonexistent. As a result, the control environment does not provide adequate segregation of duties or sufficient oversight of financial transactions.

Criteria: The Government Finance Officers Association (GFOA) and the Louisiana Legislative Auditor (LLA) recommend that governmental entities adopt the COSO Internal Control – Integrated Framework as the basis for designing and evaluating internal controls. The COSO framework emphasizes that no single individual should have control over all phases of a transaction, including authorization, custody, recording, and reconciliation. Sound internal control principles also require that key accounting activities, including disbursements, journal entries, and bank reconciliations, be subject to independent review and approval.

Cause of Condition: The condition results from the limited number of personnel available to perform accounting and administrative functions. Due to these staffing constraints, financial responsibilities have been assigned to a single individual, making segregation of duties and independent review impractical.

Potential Effect of Condition: The concentration of incompatible duties within a single individual significantly increases the risk of errors, unauthorized transactions, or fraudulent activity occurring and not being detected in a timely manner. The lack of segregation across all aspects of financial operations increases the risk of unauthorized or improper transactions, including the potential for misappropriation of assets or inappropriate financial reporting adjustments. Additionally, the absence of independent review reduces the likelihood that such errors or irregularities would be identified promptly. As a result, there is an increased risk that a material misstatement of the financial statements, whether due to error or fraud, could occur and not be detected in a timely manner.

Recommendation: Management should strengthen internal controls by implementing segregation of duties to the extent feasible; however, given current staffing limitations, full segregation of duties is not achievable. Accordingly, management should focus on enhancing oversight of financial activities, including increased involvement of the governing board or other independent parties in reviewing financial reports, bank reconciliations, and key transactions.

Management's Response: Management acknowledges that financial responsibilities are concentrated within a single individual due to limited staffing. Management recognizes that full segregation of duties is not feasible given current resources. Management understands the risks associated with this condition and will continue to evaluate opportunities to enhance oversight should additional resources become available.

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2025

2025-2 Mandatory Ethics Training Noncompliance – Repeat Finding

Condition: The District is required to document annual ethics training for all employees; however, documentation of compliance was not maintained for all personnel.

Criteria: Louisiana Revised Statute 42:1170 requires that each public servant complete a minimum of one hour of ethics education and training each year in accordance with the Louisiana Code of Governmental Ethics.

Cause of Condition: For two employees selected for testing in 2025, management was unable to provide documentation of completed annual ethics training. This condition appears to result from a lack of formal procedures to track completion of required training and ensure that documentation is consistently obtained and retained.

Potential Effect of Condition: Failure to maintain documentation of required ethics training results in noncompliance with Louisiana Revised Statute 42:1170 and increases the risk that employees may not be adequately informed of applicable ethics requirements. This may increase the likelihood of unintentional violations of the Louisiana Code of Governmental Ethics and potential regulatory consequences.

Recommendation: Management should implement procedures to ensure that all employees complete required annual ethics training and that supporting documentation is consistently obtained, retained, and available for review. This may include maintaining a centralized tracking log and periodically verifying compliance for all personnel.

Management Response: Management agrees with the finding and will implement procedures to track completion of required ethics training and maintain supporting documentation for all employees.

2025-3 Budget Adoption Noncompliance

Condition: The District is required to advertise the proposed budget and provide public notice of a hearing prior to adoption; however, the District did not publish notice of the 2025 proposed budget and public hearing in accordance with state law. Although a public hearing was conducted, documentation of proper public notice and advertisement in the official journal could not be provided.

Criteria: Louisiana Revised Statute 39:1307 requires political subdivisions with total proposed expenditures of \$500,000 or more to make the proposed budget available for public inspection, publish notice of a public hearing in the official journal at least ten days prior to the hearing, and conduct at least one public hearing prior to budget adoption.

Cause of Condition: The failure to advertise the 2025 proposed budget in accordance with state law appears to result from a lack of formal procedures to ensure compliance with statutory budget adoption requirements, including tracking publication deadlines and retaining documentation of required notices.

Potential Effect of Condition: Failure to publish notice of the 2025 proposed budget and public hearing results in noncompliance with Louisiana Revised Statute 39:1307 and limits transparency by not providing the public with adequate notice. This may result in reduced public awareness and limit the public's opportunity to participate in the budget process.

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2025

Recommendation: Management should implement procedures to ensure compliance with Louisiana Revised Statute 39:1307, including timely publication of the proposed budget and public hearing notice in the official journal and retention of supporting documentation. This may include the use of a compliance checklist or calendar to track required deadlines and ensure proper notice is provided.

Management Response: Management agrees with the finding and will implement procedures to ensure timely publication of required budget notices and retention of supporting documentation in accordance with state law.

Finding 2025-4 Noncompliance with Louisiana Audit Law: Late Filing with the Louisiana Legislative Auditor

Condition: The District did not provide all records and documentation for completion of the audit in a timely manner. As a result, the audit report was not completed and submitted to the Louisiana Legislative Auditor by the required filing deadline. The report was required to be filed by June 30, 2026, but was not submitted until after June 30, 2026.

Criteria: Louisiana Revised Statutes 24:513 and 24:514 require audit reports to be filed with the Louisiana Legislative Auditor within six months after the entity's fiscal year-end unless an extension has been granted.

Cause: The District has limited administrative resources and experienced delays in compiling and providing the financial records and supporting documentation required to complete the audit engagement within the statutory deadline.

Effect: The District was not in compliance with the filing requirements of Louisiana Revised Statutes 24:513 and 24:514. Failure to comply with these requirements may result in the District being reported as noncompliant by the Louisiana Legislative Auditor and could affect eligibility for certain state funding and appropriations. Continued noncompliance may also subject the District to enforcement actions authorized by state law.

Recommendation: We recommend the District establish procedures and timelines to ensure that all accounting records and supporting documentation are prepared and provided to the auditors in a timely manner to facilitate compliance with statutory reporting deadlines.

Management's Response: Management concurs with the finding and will work to improve the timeliness of preparing and providing financial records and supporting documentation for future audit engagements.

2025-5 Potential Noncompliance with Louisiana Code of Governmental Ethics

Condition: During 2025, the District paid approximately \$7,700 to an employee for the use of the employee's personally owned truck and trailer in District operations. The arrangement approved by the Board, remained in place until August 2025, at which time it was discontinued.

Criteria: Louisiana Revised Statute 42:1102 provides, in part, that no public servant shall receive anything of economic value, other than compensation and benefits from the governmental entity to which he or she is duly entitled, for the performance of the duties and responsibilities of his or her office or position.

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2025

Cause of Condition: The District utilized equipment owned by an employee and compensated the employee for its use during District operations. Management indicated the arrangement was implemented to meet operational needs and believed the payments were reasonable based on the use of the equipment.

Potential Effect of Condition: This arrangement may constitute noncompliance with the Louisiana Code of Governmental Ethics.

Recommendation: Management should consult with legal counsel and/or the Louisiana Board of Ethics regarding the permissibility of similar arrangements involving District employees. The District should avoid entering into transactions that may present potential conflicts under the Louisiana Code of Governmental Ethics without first obtaining appropriate guidance.

Management Response: Management agrees with the recommendation. The District discontinued the arrangement in August 2025 and will consult with legal counsel and/or the Louisiana Board of Ethics before entering into similar arrangements in the future.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana
MANAGEMENT'S STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2025

SECTION I – INTERNAL CONTROL AND COMPLIANCE FINDINGS TO FINANCIAL STATEMENTS

2024-1 Internal Control- Lack of Segregation of Duties

Status: Not corrected

This finding was reported in the prior year and has not been corrected as of the current year audit. This matter is reported again in the current year as Finding 2025-1.

2024-2 Mandatory Ethics Training Noncompliance

Status: Not corrected

This finding was reported in the prior year and has not been corrected as of the current year audit. This matter is reported again in the current year as Finding 2025-2.

SECTION II – INTERNAL CONTROL AND COMPLIANCE FINDINGS TO FEDERAL AWARDS

No findings reported.

SECTION III – MANAGEMENT LETTER

No findings reported.

* * * * *

THIS REPORT HAS BEEN PREPARED BY MANAGEMENT

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana

MANAGEMENT’S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
For the Year Ended December 31, 2025

SECTION I – INTERNAL CONTROL AND COMPLIANCE FINDINGS TO FINANCIAL STATEMENTS

2025-1 Internal Control -Lack of Segregation of Duties

Management acknowledges that financial responsibilities are concentrated within a single individual due to the size of the District’s administrative staff. Management recognizes that complete segregation of duties is not feasible given current staffing limitations, and that sufficient compensating controls to fully mitigate this condition cannot be implemented at this time.

Management understands that this condition increases the risk that errors or irregularities may occur and not be prevented or detected and corrected in a timely manner. Management accepts this risk and will continue to monitor operations and evaluate practical opportunities to enhance oversight, including increased involvement of the governing board in reviewing financial activity, as resources or circumstances allow.

Person responsible: Secretary

Anticipated resolution: Not feasible due to staffing limitations; management will continue to evaluate opportunities for additional oversight as resources or circumstances change.

2025-2 Mandatory Ethics Training Noncompliance

Management acknowledges that documentation of required annual ethics training was not maintained for all employees. Management recognizes that this condition resulted from the absence of formal procedures to ensure that ethics training is completed and that supporting documentation is consistently obtained and retained.

Management understands that failure to maintain documentation of ethics training results in noncompliance with Louisiana Revised Statute 42:1170 and may increase the risk that employees are not adequately informed of applicable ethics requirements. In response, management will implement procedures to track completion of required ethics training and maintain supporting documentation for all employees. This will include establishing a centralized tracking process and periodically reviewing compliance to ensure all required training has been completed and properly documented.

Person responsible: Secretary

Anticipated resolution: December 31, 2026

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
For the Year Ended December 31, 2025

2025-3 Budget Noncompliance

Management acknowledges that the required public notice of the proposed budget and public hearing was not published in accordance with Louisiana Revised Statute 39:1307, although a public hearing was conducted. Management recognizes that this condition resulted from a lack of formal procedures to ensure compliance with statutory requirements related to the timing and documentation of budget notice publications.

Management understands that failure to publish the required notice limits transparency and reduces the public's opportunity to participate in the budget process. In response, management will implement procedures to ensure compliance with budget adoption requirements, including timely publication of required notices in the official journal and retention of supporting documentation. Management will establish a process to track required deadlines and verify that all statutory requirements have been completed prior to budget adoption.

Person responsible: Secretary
Anticipated resolution: December 31, 2026

Finding 2025-4 – Noncompliance with Louisiana Audit Law: Late Filing with the Louisiana Legislative Auditor

Management acknowledges that the audit report was not filed with the Louisiana Legislative Auditor within the timeframe required by Louisiana Revised Statutes 24:513 and 24:514. Management recognizes that this condition resulted from delays in compiling and providing financial records and supporting documentation to complete the audit engagement by the statutory filing deadline.

Management understands that failure to comply with Louisiana audit filing requirements may result in the District being reported as noncompliant with state law and could affect eligibility for certain state funding and appropriations. In response, management will implement procedures to improve the timeliness of year-end financial reporting and the preparation of audit documentation. Management will establish internal deadlines for completing year-end accounting records, gathering supporting documentation, and responding to auditor requests to facilitate timely completion of future audits and compliance with statutory filing requirements.

Person responsible: Secretary
Anticipated resolution: June 30, 2027

FIRST WARD GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY
Rayne, Louisiana

MANAGEMENT’S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
For the Year Ended December 31, 2025

Finding 2025-5 – Potential Noncompliance with Louisiana Code of Governmental Ethics

Management acknowledges that the District compensated an employee for the use of the employee's personally owned truck and trailer in District operations during 2025. Management recognizes that this arrangement may present a potential compliance issue under the Louisiana Code of Governmental Ethics. The arrangement was discontinued in August 2025.

Management understands that transactions involving District employees may be subject to the provisions of the Louisiana Code of Governmental Ethics. Although the arrangement was discontinued in August 2025 prior to identification of this matter during the audit, management will seek guidance from legal counsel and/or the Louisiana Board of Ethics before entering into similar arrangements in the future. Management will also implement procedures to review transactions involving employees for compliance with applicable ethics requirements prior to approval.

Person responsible: Board of Commissioners and Secretary

Anticipated resolution: Implemented August 2025; ongoing monitoring thereafter

SECTION II – INTERNAL CONTROL AND COMPLIANCE FINDINGS TO FEDERAL AWARDS

No findings reported.

SECTION III – MANAGEMENT LETTER

No findings reported.

* * * * *

THIS REPORT HAS BEEN PREPARED BY MANAGEMENT

Mike B. Gillespie
Certified Public Accountant
A Professional Accounting Corporation

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board Members of
First Ward Gravity Drainage District
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. The First Ward Gravity Drainage District (District), a component unit of the Acadia Parish Police Jury, management is responsible for those C/C areas identified in the SAUPs.

The Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***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.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***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).

- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology 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.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. 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
 - i. 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.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. 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.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. Obtain a listing of entity 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 each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. 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).
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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:
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also 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; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. 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 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. 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;
 - iv. 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; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A 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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.
- B. 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
 - i. Observe whether 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) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly

select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

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

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. 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).

12) Fraud Notice

- A. 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 as required by R.S. 24:523.
- B. 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.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and verbally discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and verbally discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and verbally discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and verbally discussed the results with management.

- C. Using the 5 randomly selected 5 employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

We performed the procedure and verbally discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Exceptions:

No exceptions were noted as a result of applying the procedures listed above, except for the following:

Written Policies and Procedures

1. We did not observe written policies and procedures addressing the following categories: (i) Budgeting, (ii) Purchasing, (iii) Disbursements, (iv) Receipts/Collections, (vi) Contracting, (viii) Credit Cards, (x) Debt Service, and (xi) Information Technology Disaster Recovery/Business Continuity.

2. We observed that written policies and procedures existed for the following categories; however, the policies did not address certain required components as noted below:
 - a. Payroll/Personnel – We did not observe provisions addressing approval of employee pay rates or the maintenance of pay rate schedules.
 - b. Travel and Expense Reimbursement – We did not observe provisions addressing dollar thresholds by category of expense.
 - c. Ethics – We did not observe provisions addressing (1) a system to monitor possible ethics violations or (2) a requirement to maintain documentation demonstrating employees and officials were notified of changes to the ethics policy.
 - d. Prevention of Sexual Harassment – We did not observe provisions addressing (1) annual employee training or (2) annual reporting requirements.

Board

1. We did not observe, in the minutes reviewed, evidence of a formal plan to eliminate the negative unassigned fund balance reported in the prior year audit report.
2. We did not observe evidence in the minutes reviewed that the board received written updates on the progress of resolving audit findings in accordance with management's corrective action plan.

Bank Reconciliations

1. We did not obtain a bank reconciliation for one of the five bank accounts selected.
2. For the four bank reconciliations obtained, we did not observe documentation indicating the individual who prepared the bank reconciliation.
3. For the four bank reconciliations obtained, we did not observe evidence that a member of management or a board member, who does not handle cash, post ledgers, or issue checks, reviewed the reconciliation within one month of preparation.

Collections

1. We observed that employees responsible for cash collections shared cash drawers.
2. We did not observe the use of sequentially pre-numbered receipts or an alternative method to document collections.
3. We observed that the entity deposits all collections into the main operating account, and other bank account deposits consist of interbank transfers. For one deposit selected, we were unable to determine whether the deposit was made within one business day of receipt due to the absence of documentation identifying the date of collection.

Non-Payroll Disbursements

1. For the items tested, we did not observe documentation evidencing segregation of duties for the functions described below:
 - a. We observed that one employee performed the functions of initiating purchase requests, approving purchases, and placing orders.
 - b. We observed that one employee processed payments and one individual approved payments.
 - c. We observed that the employee responsible for processing payments has the ability to add or modify vendor files; the Board is responsible for reviewing changes to vendor files.
 - d. We observed that the employee responsible for processing payments also mailed the payments.

2. For the items tested, we did not observe documentation evidencing segregation of duties within the non-payroll disbursement process.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

1. For the five transactions tested, we did not observe written documentation of the business or public purpose.

Travel and Expense Reimbursement

1. For the five reimbursements tested, we did not observe documentation supporting the business or public purpose.
2. For the five reimbursements tested, we did not observe evidence that the reimbursements were reviewed and approved by someone other than the person receiving reimbursement.

Payroll and Personnel

1. For the employees selected for testing, we did not observe documentation supporting authorized salaries or pay rates in the personnel files.
2. For the items tested, we did not observe documentation evidencing supervisor approval of attendance and leave.

Ethics

1. For two of the five employees selected, we did not observe documentation demonstrating completion of the required one hour of ethics training.

Prevention of Sexual Harassment

1. For the employees selected, we did not observe documentation demonstrating completion of the required annual sexual harassment training.
2. We did not observe the entity's annual sexual harassment report for the fiscal period.

Management's Overall Response:

Management concurs with the exceptions noted and is working to address deficiencies identified.

We were engaged by the Board to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

Mike B. Gillespie, CPA, APAC

Mike B. Gillespie, CPA, APAC
Jennings, Louisiana
July 7, 2026