

BAYOU DES CANNES
NEZPIQUE GRAVITY DRAINAGE DISTRICT
Iota, Louisiana
Financial Report
Year Ended December 31, 2018

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OTHER LOCATIONS:

Lafayette Morgan City Abbeville

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bayou des Cannes – Nezpique Gravity Drainage District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to the agency head, political subdivision head, or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, 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 no audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The Management Discussion and Analysis, 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.

Dannall, Sikes & Frederick

(A corporation of Certified Public Accountants)

Eunice, Louisiana

May 2, 2019

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Statement of Net Position
December 31, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 249,924
Certificates of deposit	450,000
Ad valorem taxes receivable	477,637
State revenue sharing receivable	11,084
Interest receivable	<u>789</u>

Total current assets 1,189,434

NONCURRENT ASSETS

Capital assets:	
Non-depreciable	14,094
Depreciable, net	<u>246,394</u>

Total noncurrent assets 260,488

TOTAL ASSETS \$ 1,449,922

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 6,995
Pension fund deduction payable	15,760
Accrued liabilities	2,240
Payroll liabilities	<u>5,733</u>

Total current liabilities 30,728

NET POSITION

Net investment in capital assets	260,488
Unrestricted	<u>1,158,706</u>

Total net position 1,419,194

TOTAL LIABILITIES AND NET POSITION \$ 1,449,922

See accompanying notes and independent accountant's review report.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Statement of Activities
Year Ended December 31, 2018

	<u>Governmental Activities</u>
EXPENSES:	
Public Works	<u>\$ 460,369</u>
GENERAL REVENUES:	
Ad valorem taxes	480,055
State revenue sharing	11,084
Investment earnings	<u>4,191</u>
Total general revenues	<u>495,330</u>
CHANGE IN NET POSITION	34,961
BEGINNING NET POSITION	<u>1,384,233</u>
ENDING NET POSITION	<u>\$ 1,419,194</u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Balance Sheet
Governmental Fund
December 31, 2018

ASSETS

	<u>General Fund</u>
CURRENT ASSETS	
Cash	\$ 249,924
Certificates of deposit	450,000
Ad valorem taxes receivable	477,637
State revenue sharing receivable	11,084
Interest receivable	<u>789</u>
TOTAL ASSETS	<u>\$ 1,189,434</u>

LIABILITIES AND FUND BALANCE

LIABILITIES	
Accounts payable	\$ 6,995
Pension fund deduction payable	15,760
Accrued liabilities	2,240
Payroll liabilities	<u>5,733</u>
Total liabilities	<u>30,728</u>
FUND BALANCE	
Unassigned	<u>1,158,706</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,189,434</u>

See accompanying notes and independent accountant's review report.

BAYOUDES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
December 31, 2018

Total fund balance - governmental fund \$ 1,158,706

Total net position reported for governmental activities
in the statement of net position is different because:

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

Capital assets, net 260,488

Net position of governmental activities \$ 1,419,194

See accompanying notes and independent accountant's review report.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Statement of Revenues, Expenditures and
Changes in Fund Balance – Governmental Fund
Year Ended December 31, 2018

Revenues	
Taxes -	
Ad valorem taxes	\$ 480,055
Intergovernmental -	
State revenue sharing	11,084
Investment earnings	<u>4,191</u>
Total revenues	<u>495,330</u>
Expenditures:	
Current -	
Public works - drainage	
Salaries and wages	190,213
Compensation paid to the board of commissioners	7,050
Payroll taxes	22,682
Pension fund	15,760
Insurance	34,329
Drainage maintenance	41,759
Equipment leases	72,718
Fuel	15,460
Chemical spraying	5,068
Professional fees	10,570
Telephone	3,923
Utilities	1,677
Other miscellaneous operating	916
Capital outlay	<u>51,473</u>
Total expenditures	<u>473,598</u>
Excess of revenues over expenditures	<u>21,732</u>
Net changes in fund balance	21,732
Fund balance, beginning	<u>1,136,974</u>
Fund balance, ending	<u>\$ 1,158,706</u>

See accompanying notes and independent accountant's review report.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of the Governmental Funds to the
Statement of Activities
Year Ended December 31, 2018

Net change in fund balances - total governmental funds		\$	21,732
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.			
Capital Outlay	51,473		
Depreciation expense	<u>(38,244)</u>		<u>13,229</u>
Change in net position		\$	<u>34,961</u>

See accompanying notes and independent accountant's review report.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

Basis of Presentation

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

Government-wide financial statements –

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

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

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Fund financial statements –

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

Basis of Accounting

Government-wide financial statements –

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

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund financial statements –

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period. Property taxes are recognized in the year they are billed. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year-end are considered available and recognized as revenue of the current year.

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

Fixed assets

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

Government-wide statements-

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

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

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

Fund financial statements –

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

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

Use of Estimates

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

Equity Classifications:

Government-wide statements –

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

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

The District had no restricted net position at December 31, 2018.

Fund financial statements –

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

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

NOTE 2 CASH AND INTEREST BEARING DEPOSITS

Cash includes amounts in demand deposits.

Under state laws, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2018, the District had cash (book balance) totaling \$249,924.

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 2 CASH AND INTEREST BEARING DEPOSITS (Continued)

Deposit balances (bank balances) at December 31, 2018, are secured as follows:

Bank balances, including certificates of deposit	\$	703,534
Federal deposit insurance		<u>500,000</u>
Balance uninsured		(203,534)
Pledged securities (Category 3)		<u>826,358</u>
Excess FDIC insurance and pledged securities	\$	<u>622,824</u>

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

NOTE 3 INVESTMENTS

State statutes authorize the District to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The District's investments at December 31, 2018 consisted of time certificates of deposit purchased from local financial institutions. These certificates are not subject to GASB Statement No. 31 requirements, thus, they are stated at cost.

Investments consist of the following certificates of deposit:

Institution	Term	Maturity Date	Interest Rate	Amount
The Evangeline Bank & Trust Co.	6 months	3/4/2019	0.40%	\$ 50,000
The Evangeline Bank & Trust Co.	6 months	3/4/2019	0.40%	50,000
The Evangeline Bank & Trust Co.	9 months	4/28/2019	0.45%	50,000
The Evangeline Bank & Trust Co.	9 months	4/28/2019	0.45%	100,000
The Evangeline Bank & Trust Co.	12 months	3/4/2019	0.50%	<u>200,000</u>
				<u>\$ 450,000</u>

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 4 AD VALOREM TAXES

Government-wide financial statements –

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

Fund financial statements -

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

The district authorized and levied general corporate taxes of 6.00 mills on property with assessed valuations totaling \$79,606,135, exclusive of homestead exemptions, for the year ended December 31, 2018.

Total taxes levied, exclusive of homestead exemptions, was \$515,990 for year ended December 31, 2018. Ad valorem taxes receivable consist of taxes collected by the Acadia Parish Sheriff's Office that have not been remitted to the District and amounts due from taxpayers. Ad valorem taxes receivable at December 31, 2018 totaled \$477,637, all of which are deemed collectible.

NOTE 5 COMPENSATION PAID TO THE BOARD COMMISSIONERS

Compensation paid to commissioners for the year ended December 31, 2018 is as follows:

Troy Fruge	\$	1,500
Danny Wimberly		1,650
Terry Broussard		1,800
Earl Garber		1,650
Darrin Clay		450
		450
	\$	7,050

NOTE 6 OPERATING LEASES

The District is committed under various operating leases for equipment with terms of three years. Total lease expenditures for the year ended December 31, 2018 were \$41,080. Future minimum lease payments under these leases are as follows:

2019		41,080
2020		15,194
Total	\$	56,274

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Notes to Financial Statements

NOTE 7 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated -				
Land	\$ 14,094	\$ -	\$ -	\$ 14,094
Capital assets being depreciated -				
Building and improvements	170,349	-	-	170,349
Equipment	<u>356,410</u>	<u>51,473</u>	<u>(53,938)</u>	<u>353,945</u>
Total capital assets being depreciated	<u>526,759</u>	<u>51,473</u>	<u>(53,938)</u>	<u>524,294</u>
Less accumulated depreciation for -				
Building and improvements	(46,164)	(4,750)	-	(50,914)
Equipment	<u>(247,430)</u>	<u>(33,494)</u>	<u>53,938</u>	<u>(226,986)</u>
Total accumulated depreciation	<u>(293,594)</u>	<u>(38,244)</u>	<u>53,938</u>	<u>(277,900)</u>
Total capital assets being depreciated, net	<u>233,165</u>	<u>13,229</u>	<u>-</u>	<u>246,394</u>
Total capital assets, net	<u>\$ 247,259</u>	<u>\$ 13,229</u>	<u>\$ -</u>	<u>\$ 260,488</u>

Depreciation expense was charged to functions as follows:

Public works	<u>\$ 38,244</u>
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NOTE 8 RISK MANAGEMENT

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

NOTE 9 SUBSEQUENT EVENTS

The District evaluated the need for disclosures and/or adjustments resulting from subsequent events through May 2, 2019, the date the financial statements were available to be issued. This evaluation did not result in any subsequent events that necessitated disclosures or adjustments under generally accepted accounting principles.

ADDITIONAL INFORMATION

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Schedule of Compensation, Benefits, and Other Payments to Agency Head
Year Ended December 31, 2018

Rebecca Manuel, Office Manager	
<u>Purpose</u>	<u>Amount</u>
Salary	\$ 16,800

REQUIRED SUPPLEMENTARY INFORMATION

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Budgetary Comparison Schedule
General Fund
Year December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes -				
Ad valorem taxes	\$ 459,000	\$ 454,000	\$ 480,055	\$ 26,055
Intergovernmental -				
State revenue sharing	7,000	7,000	11,084	4,084
Investment income	<u>3,000</u>	<u>4,000</u>	<u>4,191</u>	<u>191</u>
 Total revenues	 <u>\$ 469,000</u>	 <u>\$ 465,000</u>	 <u>\$ 495,330</u>	 <u>\$ 30,330</u>
Expenditures:				
Current -				
Public works - drainage:				
Salaries and wages	191,000	191,000	190,213	787
Compensation paid to the board of commissioners	7,000	7,000	7,050	(50)
Payroll taxes	15,000	15,000	22,682	(7,682)
Pension fund	20,000	20,000	15,760	4,240
Insurance	35,000	34,000	34,329	(329)
Drainage maintenance	110,000	94,000	68,803	25,197
Equipment leases	72,000	72,000	72,718	(718)
Professional fees	15,000	11,000	10,570	430
Capital outlay	<u>-</u>	<u>22,587</u>	<u>51,473</u>	<u>(28,886)</u>
 Total expenditures	 <u>465,000</u>	 <u>466,587</u>	 <u>473,598</u>	 <u>(7,011)</u>
 Net change in fund balance	 4,000	 (1,587)	 21,732	 37,341
 Fund balance, beginning	 <u>1,136,974</u>	 <u>1,136,974</u>	 <u>1,136,974</u>	 <u>-</u>
 Fund balance, ending	 <u>\$ 1,140,974</u>	 <u>\$ 1,135,387</u>	 <u>\$ 1,158,706</u>	 <u>\$ 23,319</u>



**DARNALL SIKES
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Lafayette Morgan City Abbeville

Independent Accountant's Report
on Applying Agreed-Upon Procedures

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

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Bayou des Cannes – Nezpique Gravity Drainage District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Bayou des Cannes – Nezpique Gravity Drainage District's compliance with certain laws and regulations during the year ended December 31, 2018 included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$154,450, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no purchases of materials or supplies exceeding \$30,000, nor public works exceeding \$154,450.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list of immediate family members provided by management in agreed-upon procedure (2).

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original and amended budgets.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original and amended budgets to the minutes of a meeting which indicated that the budgets had been adopted.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues or actual expenditures exceed budgeted expenditures by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Neither actual revenues nor actual expenditures failed to meet budgeted revenues or exceeded budgeted expenditures by 5% or more.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

A notice of each meeting and the accompanying agenda is posted on the door of the meeting place. Minutes of Meeting are printed in the local newspaper as evidenced by invoices.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

We inspected copies of bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees who may constitute bonuses, advance, or gifts.

A reading of the minutes of the district for the year indicated no approval for any such payments. We also inspected payroll records for the year and note no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not; conduct an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Bayou des Cannes – Nezpique Gravity Drainage District and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Dawall, Sikes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

May 2, 2019

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Schedule of Management Letter Findings and Corrective Action Plan
Year Ended December 31, 2018

The following findings were reported to management in a separately issued management letter:

ML (2018-001) Segregation of Duties

Condition:

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

Criteria:

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

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

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

“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

Cause:

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

Effect:

Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

Recommendation:

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

Views of Responsible Officials and Corrective Action Plan:

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

BAYOU DES CANNES-NEZPIQUE
GRAVITY DRAINAGE DISTRICT

Schedule of Prior Year Findings
Year Ended December 31, 2018

ML (2017-001) Finding: Segregation of Duties

Status: This finding is unresolved. See current year finding ML-2018-001.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

05/13/2019 (Date Transmitted)

Darnell, Sikes & Fredericks CPA (CPA Firm Name)
1231 E Laurel Avenue (CPA Firm Address)
Eunice La 70535 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of _____ (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office

Yes No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.
Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes No

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No

The previous responses have been made to the best of our belief and knowledge.

Carl F. Gault Secretary 5/13/19 Date
Terry Brown Treasurer 5/13/19 Date
[Signature] President 5-13-19 Date