

BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

BAYOU DES CANNES-
NEZPIQUE GRAVITY DRAINAGE DISTRICT

December 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major and non-major fund, and the aggregate remaining fund information of the Bayou Des Cannes – Nezpique Gravity Drainage District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Bayou Des Cannes – Nezpique Gravity Drainage 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, the business-type activities, each major and non-major fund, and the aggregate remaining fund information of the Bayou Des Cannes – Nezpique Gravity Drainage District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bayou Des Cannes – Nezpique Gravity Drainage 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 the 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 Bayou Des Cannes – Nezpique Gravity Drainage 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.

Auditors' 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 auditors' 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 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment 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 Bayou Des Cannes – Nezpique Gravity Drainage 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bayou Des Cannes – Nezpique Gravity Drainage 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 information on page 25 and the notes to the required supplementary information on page 26 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 management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statement in a 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 Bayou Des Cannes – Nezpique Gravity Drainage District’s basic financial statements. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 June 28, 2022, on our consideration of the Bayou Des Cannes – Nezpique Gravity Drainage District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bayou Des Cannes – Nezpique Gravity Drainage 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 Bayou Des Cannes – Nezpique Gravity Drainage District’s internal control over financial reporting and compliance.

Joseph B. Williams, Co., P.C.

Lake Charles, Louisiana
June 28, 2022

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**BAYOU DES CANNES-
NEZPIQUE GRAVITY DRAINAGE DISTRICT**

**STATEMENT OF NET POSITION
December 31, 2021**

ASSETS

Cash and cash equivalents	\$ 401,251
Certificates of deposit	450,000
Ad valorem taxes receivable	467,585
State revenue sharing receivable	10,935
Interest receivable	789
Capital assets:	
Land	14,094
Capital assets, net of accumulated depreciation	217,823
Total assets	<u>\$ 1,562,477</u>

LIABILITIES

Accounts payable	\$ 1,218
Pension fund deduction payable	16,172
Payroll liabilities	3,486
Total liabilities	<u>20,876</u>

NET POSITION

Investment in capital assets	231,917
Unrestricted	1,309,684
Total net position	<u>1,541,601</u>

Total liabilities and net position	<u>\$ 1,562,477</u>
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See accompanying notes and independent auditors' report.

**BAYOU DES CANNES-
NEZPIQUE GRAVITY DRAINAGE DISTRICT**

**STATEMENT OF ACTIVITIES
For the Year Ended December 31 2021**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Drainage works	\$ 504,441	\$ -	\$ -	\$ (504,441)
Total governmental activities	\$ 504,441	\$ -	\$ -	(504,441)
General revenues:				
Ad valorem taxes				490,572
State revenue sharing				10,935
Interest income				4,307
Total general revenues				505,814
Change in net position				1,373
Net position at beginning of year				1,540,228
Net position at end of year				\$ 1,541,601

See accompanying notes and independent auditors' report.

FUND FINANCIAL STATEMENTS

**BAYOU DES CANNES-
NEZPIQUE GRAVITY DRAINAGE DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2021**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 401,251
Certificates of deposit	450,000
Ad valorem taxes receivable	467,585
State revenue sharing receivable	10,935
Interest receivable	789
Total assets	<u>\$ 1,330,560</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 1,218
Pension fund deduction payable	16,172
Payroll liabilities	3,486
Total liabilities	<u>20,876</u>
Fund balance:	
Unassigned	<u>1,309,684</u>
Total liabilities and fund balance	<u>\$ 1,330,560</u>

See accompanying notes and independent auditors' report.

**BAYOU DES CANNES-
NEPIQUE GRAVITY DRAINAGE DISTRICT**

**RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS- TO THE STATEMENT OF NET POSITION
December 31, 2021**

FUND BALANCE OF GOVERNMENTAL FUNDS	\$ 1,309,684
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Amounts reported for governmental activities in the
Statement of Net Position are different because:

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

Capital assets not being depreciated - land	14,094	
Capital assets being depreciated	605,506	
Less - accumulated depreciation	<u>(387,683)</u>	
		<u>231,917</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,541,601</u>
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See accompanying notes and independent auditors' report.

**BAYOU DES CANNES-
NEZPIQUE GRAVITY DRAINAGE DISTRICT**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2021**

	<u>General Fund</u>
Revenue:	
Ad valorem taxes	\$ 490,572
Intergovernmental revenue	
State revenue sharing	10,935
Investment earnings	4,307
Total revenues	505,814
Expenditures:	
Current:	
Salaries and wages	203,992
Compensation to board members	8,100
Payroll taxes	16,208
Pension fund	16,172
Insurance	32,931
Drainage maintenance	38,060
Equipment leases	102,601
Fuel	20,086
Chemical spraying	4,564
Professional fees	11,620
Miscellaneous	10,884
Total expenditures	465,218
Excess of revenues over expenditures	40,596
Fund balance at beginning of year	1,269,088
Fund balance at end of year	\$ 1,309,684

See accompanying notes and independent auditors' report.

**BAYOU DES CANNES-
NEZPIQUE GRAVITY DRAINAGE DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND -
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

Total net change in fund balances - governmental fund - per the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 40,596
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Amounts reported for governmental activities in the Statement
of Activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets
are allocated over their estimated useful lives and reported as
depreciation expense. This is the amount by which capital
outlays exceed depreciation expense in the current period.

Depreciation expense	<u>(39,223)</u>
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Change in net position of governmental activities	<u><u>\$ 1,373</u></u>
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See accompanying notes and independent auditors' report.

NOTES TO THE FINANCIAL STATEMENTS

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements of Bayou Des Cannes – Nezpique Gravity Drainage District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s more significant accounting policies are described below.

B. 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.

Because the police jury’s financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship, the District was determined to be a component unit of the Police Jury, the financial reporting entity. 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 government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The District’s basic financial statements include both government-wide and fund financial statements.

A. Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS – (Continued)

B. Governmental Fund Financial Statements

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

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues, investment earnings, and interest. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The General Fund is the District’s operating fund. It accounts for all financial resources of the District.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

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 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 and expenses during the reporting period. Actual results could differ from those estimates.

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. BUDGET PRACTICES

- a. The proposed budget is prepared and submitted to the Advisory Board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
- b. The proposed budget is made available for public inspection.
- c. The budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- d. All budgetary appropriations lapse at the end of each fiscal year.
- e. The budget is adopted on a basis consistent with GAAP. Budgeted amounts are as originally adopted or as finally amended by the Board.

E. CASH, CASH EQUIVALENTS AND INVESTMENTS

For financial statement purposes, the District's cash and cash equivalents are considered cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Louisiana state statutes, as stipulated in R.S. 33:2955, authorize the District to invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the District to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

F. AD VALOREM TAX RECEIVABLE

Ad valorem tax receivable totaled \$467,585 as of December 31, 2021. Uncollectible amounts due for ad valorem taxes are recognized as uncollectible using the allowance method. The District did not have any uncollectible accounts at December 31, 2021.

G. CAPITAL ASSETS

Capital assets are reported in the government-wide financial statements. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$500.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. CAPITAL ASSETS – (Continued)

All capital assets are depreciated using the straight-line method over the following useful lives:

Building and improvements	5 to 39 years
Equipment	5 to 10 years

In the governmental fund financial statements, the costs associated with the acquisitions or construction of capital assets are shown as expenditures. Capital assets are not shown on the governmental fund balance sheets.

H. ESTIMATES

The preparation of financial statements in conformity with GAAP requires 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.

I. 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.

J. EQUITY CLASSIFICATION

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Consists of assets with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

K. FUND EQUITY

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed.
- Unassigned: includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District board has provided otherwise in its commitment or assignment actions.

L. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2017, GASB issued Statement No. 87, "*Leases.*" The objective of this Statement is to establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of GASB No. 87 must be implemented by the District for periods beginning after June 15, 2021, with earlier

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

L. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS – (Continued)

application encouraged. The effect of implementation of the statement of the District’s financial statements has not yet been determined.

In June 2022, GASB issued Statement No. 101, “*Compensated Absences.*” The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 31, 2023, with earlier application encouraged. The effect of implementation of the statement of the District’s financial statements has not yet been determined.

2. CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

At December 31, 2021, the District has cash and cash equivalents and certificates of deposit (book balances) as follows:

Demand deposits	\$ 401,251
Time deposits	<u>450,000</u>
	<u><u>\$ 851,251</u></u>

The District does not have a policy for custodial credit risk, however, under state laws, 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 pledge 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 (GASB Category 3) in a holding or custodial bank that is mutually acceptable to both parties.

The deposits (bank balance) and at December 31, 2021, were secured as follows:

Demand deposits	\$ 404,902	Federal Deposit Insurance	\$ 250,000
Time deposits	<u>450,000</u>	Pledge Securities	<u>780,949</u>
	<u><u>\$ 854,902</u></u>		<u><u>\$1,030,949</u></u>

3. AD VALOREM TAXES

Accounting principles generally accepted in the United States of America for government prescribe a modified accrual basis to be applied to property tax revenues. An assessment is made to finance the budget of a particular period and the revenue produced from any property tax assessment should be recognized in the fiscal period for which it was provided (budgeted) and for which the collections are reasonably available.

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2021

3. AD VALOREM TAXES – (Continued)

Expected collections and collections of the 2021 levy are accrued as receivable and as revenue in the current year (2021). For budget purposes, property taxes collected in 2021 are designated as revenue appropriate in the 2021 budget year.

For the year ended December 31, 2021, taxes of 5.95 mills were levied on property with assessed valuations totaling approximately \$6,588,228. Total taxes levied for the year ended December 31, 2021 were \$490,572.

Property tax millage rates are adopted in June for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

The parish bills and collects its property taxes using the assessed values determined by the Acadia Parish Tax Assessor.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 1/1/21	Additions	Deletions	Balance 12/31/21
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,094	\$ -	\$ -	\$ 14,094
Total capital assets not being depreciated	<u>\$ 14,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,094</u>
Capital assets being depreciated:				
Building and improvements	\$ 170,349	\$ -	\$ -	\$ 170,349
Equipment	435,157	-	-	435,157
Total capital assets being depreciated	<u>605,506</u>	<u>-</u>	<u>-</u>	<u>605,506</u>
Less accumulated depreciation:				
Building and improvements	60,415	4,750	-	65,165
Equipment	288,045	34,473	-	322,518
Total accumulated depreciation	<u>348,460</u>	<u>39,223</u>	<u>-</u>	<u>387,683</u>
Total capital assets being depreciated, net	<u>\$ 257,046</u>	<u>\$ (39,223)</u>	<u>\$ -</u>	<u>\$ 217,823</u>

Depreciation expense of \$39,223 was charged to governmental functions for the year ended December 31, 2021.

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2021

5. COMPENSATION PAID TO BOARD COMMISSIONERS

Comissioner:	
Troy Fruge	\$ 1,050
Danny Wimberly	1,800
Brent Reed	1,800
Terry Broussard	1,650
Earl Garber	<u>1,800</u>
Total	<u><u>\$ 8,100</u></u>

Commissioners are compensated at the rate of \$150 per month.

6. LEASES

The District is committed under various operating leases for equipment. Some of these leases are month to month and no longer than 12 months. Future minimum operating lease commitments that are long-term are as follows:

2022	\$	22,109
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7. 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; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

8. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through the date of the independent auditors' report, the date the financial statements were available to be issued. The District is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**BAYOU DES CANNES-
NEZPIQUE GRAVITY DRAINAGE DISTRICT**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE (GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenue:				
Ad valorem taxes	\$ 463,000	\$ 456,000	\$ 490,572	\$ 34,572
Intergovernmental revenue				
State revenue sharing	7,000	7,000	10,935	3,935
Investment earnings	5,000	3,600	4,307	707
Total revenues	<u>475,000</u>	<u>466,600</u>	<u>505,814</u>	<u>39,214</u>
Expenditures:				
Current:				
Salaries and wages	199,000	197,000	203,992	(6,992)
Compensation to board members	6,300	8,200	8,100	100
Payroll taxes	15,000	16,000	16,208	(208)
Pension fund	20,000	20,000	16,172	3,828
Insurance	37,000	33,000	32,931	69
Drainage maintenance	83,700	44,000	38,060	5,940
Equipment leases	97,000	95,000	102,601	(7,601)
Fuel	-	-	20,086	(20,086)
Chemical spraying	-	-	4,564	(4,564)
Professional fees	17,000	12,000	11,620	380
Miscellaneous	-	-	10,884	(10,884)
Total expenditures	<u>475,000</u>	<u>425,200</u>	<u>465,218</u>	<u>(40,018)</u>
Excess of revenues over expenditures	-	41,400	40,596	(804)
Fund balance at beginning of year	<u>1,269,088</u>	<u>1,269,088</u>	<u>1,269,088</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,269,088</u>	<u>\$ 1,310,488</u>	<u>\$ 1,309,684</u>	<u>\$ (804)</u>

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

1. BUDGET PRACTICES

- a. The proposed budget is prepared and submitted to the Advisory Board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
- b. The proposed budget is made available for public inspection.
- c. The budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- d. All budgetary appropriations lapse at the end of each fiscal year.
- e. The budget is adopted on a basis consistent with GAAP. Budgeted amounts are as originally adopted or as finally amended by the Board.

SUPPLEMENTAL INFORMATION

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD

For the Year Ended December 31, 2021

Agency Head Name: Troy Fruge, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 1,050
	<u>\$ 1,050</u>

COMPLIANCE AND INTERNAL CONTROL



Langley, Williams
& Company, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY
PHILLIP D. ABSHIRE, III
SARAH CLARK WERNER
ALEXIS H. O'NEAL
JESSICA LOTT-HANSEN

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bayou Des Cannes – Nezpique Gravity Drainage District (“District”) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise of the District’s basic financial statements and have issued our report thereon dated June 28, 2022.

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 certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 21-01(IC) that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free of 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 questioned costs as item 21-01(C).

Bayou Des Cannes – Nezpique Gravity Drainage District’s Response to Findings

The District’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Joyce Williams, Co., P.C.

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)
For the Year Ended December 31, 2021

Section II – Current Year Findings and Management’s Corrective Action Plan – (Continued)

Compliance – (Continued)

Effect: Finding causes the District to not be in compliance with state law.

Cause: Although the budget was amended, it was not adequate to cover excess amounts.

Recommendation: The Funds should be monitored more closely in the future.

Management’s Response: The District concurs with the finding and will consider involving the contracted CPA to assist in the budget process. A plan will be implemented immediately.

Section II – Prior Year Findings and Management’s Corrective Action Plan

Internal Control Over Financial Reporting

20-01 (IC) – Segregation of Duties

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

Criteria: Good internal control requires that incompatible functions within the accounting system be performed by separate persons.

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

Effect: Due to lack of segregation of duties, misstatements could result without being prevented or detected and corrected in a timely manner.

Cause: The cause of the deficiency is due to the small staff size.

Recommendation: All incompatible functions should be performed by a separate person.

Management’s Response: The District has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however segregated as many duties as possible. No plan is considered necessary.



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Bayou Des Cannes Nezpique Gravity Drainage District
Iota, Louisiana

To the Governing Board of the Bayou Des Cannes Nezpique 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, 2021 through December 31, 2021. The Bayou Des Cannes Nezpique Gravity Drainage District management is responsible for those C/C areas identified in the SAUPs.

Bayou Des Cannes Nezpique Gravity Drainage District 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, 2021 through December 31, 2021. 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 findings are as follows:

Written Policies and Procedures

1. 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:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **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(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/Electronic Municipal Market Access ("EMMA") reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exception: In discussion with management, there are no written policies and procedures for the entity.

Management's response: Management will create a written document with all policies and procedures.

Board or Finance Committee

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

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

The board met on a monthly basis for the fiscal period with a quorum in attendance at all meetings.

- b) 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 fund. *Alternately, for those entities reporting on the nonprofit 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.*

Exception: In reviewing the minutes, we noted that the board only discussed the budget at the end of the year and didn't discuss at minimum on a quarterly basis.

Management's Response: Management will add to their policies to include a discussion of the budget at minimum on a quarterly basis.

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

Per the prior year audit report, the unrestricted fund balance in the general fund did not have a negative ending balance; therefore, making this procedure not applicable.

Bank Reconciliations

3. 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:

We obtained a list of bank accounts from management and management's representation that the list was complete.

- a) 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);

There were no exceptions noted as a result of applying this procedure.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

There were no exceptions noted as a result of applying this procedure.

- c) 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.

There were no items outstanding over twelve months; therefore, this procedure is not applicable.

Collections (excluding electronic funds transfers)

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

Obtained a listing of all deposit sites for the fiscal period and management's representation that the listing is complete.

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

- a) Employees responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Exception: The entity only has one employee to perform all the responsibilities listed above.

Management's response: Management will review all collections periodically and maintain written documentation that this review has been performed.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

The entity does not collect cash, so this procedure is not applicable.

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

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

There were no exceptions noted as a result of applying this procedure

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

- d) Observe 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).

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of this procedure.

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

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

Per discussion with management, we noted only one location processes payments for the fiscal period.

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Exception: The entity only has one employee to perform all the responsibilities listed above.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

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

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

There were no exceptions noted as a result of applying this procedure.

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

Exception: The disbursement documentation did not include evidence of the segregation of duties.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

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

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

We obtained a listing of active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period and management's representation that the listing is complete.

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

- a) Observe 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Exceptions: There is no evidence that the monthly statement and supporting documentation was reviewed and approved in writing. In the meeting minutes, there is evidence that the board approved it.

Management's response: Management will add documentation of approval and review of the monthly statements to their policies and procedures.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

14. 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, 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:

There were no travel expenses incurred by the entity during the fiscal period making this procedure not applicable.

- a) If reimbursed using a per diem, observe 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).
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe 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 policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. 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. *Alternately, 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:

We obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities from management and management's representation that the listing is complete.

- a) 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.

The selected contracts were not subject to Louisiana Public Bid Law; therefore, this procedure is not applicable.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

There were no exceptions noted as a result of applying this procedure.

- c) If the contract was amended (e.g., change order), observe 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, was approval documented).

There were no amendments during the fiscal period; therefore, this procedure is not applicable.

- d) 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 the invoice and related payment agreed to the terms and conditions of the contract.

There were no exceptions as a result of applying this procedure.

Payroll and Personnel

16. 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.

We obtained a listing of employees and management's representation that the listing is complete.

Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

There were no exceptions noted as a result of applying this procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

There were no exceptions noted as a result of applying this procedure.

17. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

There were no terminated employees during the fiscal period nor does the District pay termination payments thus making this procedure not applicable.

18. 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.

There were no exceptions noted as a result of applying this procedure.

Ethics

19. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:
- Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

Exception: No employee/official completed one hour of ethics training during the fiscal period.

Management’s response: Management will add to their policies and procedures for employees and officials to complete one hour of ethics training during the year and keep documentation which demonstrates if they were notified of any changes in the entity’s ethics policy.

Debt Service

20. 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 State Bond Commission approval was obtained for each debt instrument issued.

No debt was issued during the fiscal period. Therefore, this procedure is not applicable.

21. 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).

No debt was outstanding during the fiscal period. Therefore, this procedure is not applicable.

Fraud Notice

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

Management has asserted that the entity did not have any misappropriations of public funds or assets.

23. Observe 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.

The District has posted on its premises the notice required by R.S. 24:523.1.

Information Technology Disaster Recovery/Business Continuity

24. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management. There was no evidence of any backup performed.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, 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 discussed the results with management. There was no evidence of any backup performed.

- c) 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 discussed the results with management. There were no exceptions noted as a result of applying this procedure.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Exception: Per discussion with management, there is no sexual harassment policy for the entity.

Management’s response: Management will update their policies and procedures to include a sexual harassment policy and one hour of training for employees and officials.

27. Observe 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).

Exception: The entity doesn’t have a sexual harassment policy and complaint procedure in a conspicuous location on the entity’s premise.

Management’s response: Management plans to post the policy and procedure on their premises.

28. 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 it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Exception: The entity did not prepare an annual sexual harassment report.

Management's response: Management has subsequently prepared the report and will add this procedure to its policies and procedures.

We were engaged by the Bayou Des Cannes Nezpique Gravity Drainage District 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 Bayou Des Cannes Nezpique Gravity Drainage District 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.



Langley, Williams & Co., LLC
Jennings, LA
June 29, 2022