

**Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana**

Financial Statements With Auditors' Report

As of and For the Year Ended December 31, 2021

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana

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Independent Auditors' Report

Board of Commissioners
Cypress - Black Bayou Recreation
and Water Conservation District
Benton, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Cypress - Black Bayou Recreation and Water Conservation District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Cypress - Black Bayou Recreation and Water Conservation District, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Cypress - Black Bayou Recreation and Water Conservation 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 Cypress - Black Bayou Recreation and Water Conservation 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cypress - Black Bayou Recreation and Water Conservation 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 Cypress - Black Bayou Recreation and Water Conservation 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 management's discussion and analysis on pages 4 – 9 and the budgetary comparison information on pages 25 – 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.

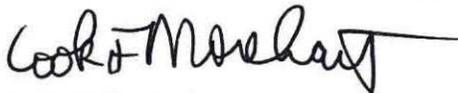
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements. The accompanying other supplementary information, shown on pages 27 and 28, is presented for purposes of additional analysis and is 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 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 Cypress - Black Bayou Recreation and Water Conservation 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 Cypress - Black Bayou Recreation and Water Conservation 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 Cypress - Black Bayou Recreation and Water Conservation District's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 28, 2022

CYPRESS – BLACK BAYOU RECREATION AND WATER CONSERVATION DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of Cypress - Black Bayou Recreation and Water Conservation District’s financial performance provides an overview of the Cypress - Black Bayou Recreation and Water Conservation District’s financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the District’s financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

The Cypress - Black Bayou Recreation and Water Conservation District’s net position decreased by \$188,256 or 16.68%.

The Cypress - Black Bayou Recreation and Water Conservation District’s total general and program revenues were \$1,901,759 in 2021 compared to \$2,229,888 in 2020.

During the year ended December 31, 2021, the Cypress - Black Bayou Recreation and Water Conservation District had total expenses, excluding depreciation, of \$1,819,293.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Cypress - Black Bayou Recreation and Water Conservation District as a whole and present a longer-term view of the District’s finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Cypress - Black Bayou Recreation and Water Conservation District’s operations in more detail than the government-wide statements by providing information about the Cypress - Black Bayou Recreation and Water Conservation District’s most significant funds.

Reporting the Cypress - Black Bayou Recreation and Water Conservation District as a Whole

Our analysis of the Cypress - Black Bayou Recreation and Water Conservation District as a whole begins on page 10. One of the most important questions asked about the Cypress - Black Bayou Recreation and Water Conservation District’s finances is “Is the Cypress - Black Bayou Recreation and Water Conservation District as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using

the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Cypress - Black Bayou Recreation and Water Conservation District's *net position* and changes in them. You can think of the Cypress - Black Bayou Recreation and Water Conservation District's net position – the difference between assets and liabilities – as one way to measure the Cypress - Black Bayou Recreation and Water Conservation District's financial health, or *financial position*. Over time, *increases* or *decreases* in the Cypress - Black Bayou Recreation and Water Conservation District net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District are reported here which consists primarily of personal services, materials and supplies, repairs and maintenance and other program services. Ad Valorem taxes and permits, licenses and fees, finance most of these activities.

Reporting the District's Most Significant Funds

The Cypress - Black Bayou Recreation and Water Conservation District has only one fund – General fund, which is a governmental fund. Our analysis begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the general fund maintained by the Cypress - Black Bayou Recreation and Water Conservation District – not the Cypress - Black Bayou Recreation and Water Conservation District as a whole. The Cypress - Black Bayou Recreation and Water Conservation District's *governmental fund* uses the following accounting approaches:

Governmental funds – All of the Cypress - Black Bayou Recreation and Water Conservation District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Cypress - Black Bayou Recreation and Water Conservation District's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Cypress - Black Bayou Recreation and Water Conservation District expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.

THE CYPRESS - BLACK BAYOU RECREATION AND WATER CONSERVATION DISTRICT AS A WHOLE

The Cypress - Black Bayou Recreation and Water Conservation District's total net position changed from a year ago, decreasing from \$1,128,548 to \$940,292.

**Table 1
Net Position**

	Governmental Activities	
	2021	2020
Current and other assets	\$ 1,281,274	\$ 1,410,602
Capital assets	3,038,351	3,229,127
Total assets	<u>4,319,625</u>	<u>4,639,729</u>
Current liabilities	174,110	118,964
Long-term liabilities	1,976,491	2,187,866
Total liabilities	<u>2,150,601</u>	<u>2,306,830</u>
Deferred inflows of resources		
Unavailable revenue - ad valorem taxes	<u>1,228,732</u>	<u>1,204,351</u>
Net position:		
Net investment in capital assets	1,231,839	1,422,615
Unrestricted	(291,547)	(294,067)
Total net position	<u>\$ 940,292</u>	<u>\$ 1,128,548</u>

Net position of the Cypress - Black Bayou Recreation and Water Conservation District's governmental activities decreased by \$188,256 or 16.68% for the year ended December 31, 2021 and increased by \$19,813 or 1.79% for the year ended December 31, 2020.

Table 2
Change in Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues		
Charges for services	\$ 647,843	\$ 647,118
General revenue		
Ad Valorem taxes	1,187,081	1,188,206
State revenue sharing	31,212	30,724
Insurance proceeds		345,066
Miscellaneous	35,623	18,774
Total revenues	<u>\$ 1,901,759</u>	<u>\$ 2,229,888</u>
Expenses		
Culture and Recreation	2,009,315	2,123,973
Interest on long-term debt	80,700	86,102
Total expenses	<u>2,090,015</u>	<u>2,210,075</u>
Increase (decreased) in net position	<u>\$ (188,256)</u>	<u>\$ 19,813</u>

Total revenues decreased \$328,129 (14.72%) from total revenues in the year ended December 31, 2020 of \$2,229,888 to total revenues of \$1,901,759 in the year ended December 31, 2021.

The decrease was mainly due to the receipt of insurance proceeds in 2020 that was not received in 2021.

THE DISTRICT'S FUNDS

As the District completed the year ended December 31, 2021, its governmental fund (as presented in the balance sheet on page 12) reported a fund balance (deficit) of (\$121,568), which is less than last year's fund balance of \$87,287. The primary reason for the decrease is due to the District expending resources for significant repairs.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2021. There was one amendment to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on pages 25 - 26.

Highlights for the year are as follows:

- Revenues were approximately \$51,659 more than the budgeted amounts. Expenditures were approximately \$11,907 more than budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2021, the Cypress - Black Bayou Recreation and Water Conservation District had invested \$3,038,351 in capital assets compared to \$3,229,127 at December 31, 2020. (see table 3 below)

Table 3
Capital Assets at Year End
(Net Depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 710,000	\$ 710,000
Buildings and improvements	1,365,332	1,363,368
Other improvements	951,220	1,130,143
Equipment	11,799	25,616
Total assets	\$3,038,351	\$ 3,229,127

Major additions included:

Building and other improvements	\$ 79,947	\$ 98,350
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More detailed information about the capital assets are presented in Note 4 to the financial statements.

Debt Administration

Table 4
Outstanding Debt At Year End

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenue Bonds	<u>\$ 1,880,000</u>	<u>\$ 2,155,000</u>

More detail information above the debt is presented in Note 5 to the financial statements

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Cypress - Black Bayou Recreation and Water Conservation District's management considered many factors when setting a fiscal year December 31, 2022 budget. Amounts available for appropriation in the governmental funds are expected to be approximately the same as 2021. It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available resources.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District and to show the Cypress - Black Bayou Recreation and Water Conservation District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director at 135 Cypress Park Drive, Benton, Louisiana 71006

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Statement of Net Position
 December 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 66,803
Accounts receivable - ad valorem taxes	1,214,471
Capital assets:	
Land	710,000
Other capital assets, net of accumulated depreciation	<u>2,328,351</u>
Total assets	<u>4,319,625</u>
LIABILITIES	
Accounts payable and accrued expenses	174,110
Long-term liabilities:	
Due within one year	377,491
Due in more than one year	<u>1,599,000</u>
Total liabilities	<u>2,150,601</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - ad valorem taxes	<u>1,228,732</u>
NET POSITION	
Net investment in capital assets	1,231,839
Unrestricted (deficit)	<u>(291,547)</u>
Total net position	<u><u>\$ 940,292</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2021

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<u>Functions / Programs:</u>		<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental Activities			
Culture and recreation	\$ 2,009,315	\$ 647,843	\$ (1,361,472)
Interest on long-term debt	<u>80,700</u>		<u>(80,700)</u>
Total governmental activities	<u>2,090,015</u>	<u>647,843</u>	<u>(1,442,172)</u>
General revenues:			
Ad valorem taxes			1,187,081
State revenue sharing			31,212
Interest income			24
Miscellaneous			<u>35,599</u>
Total general revenues			<u>1,253,916</u>
Change in net position			(188,256)
Net position - beginning			1,128,548
Net position - ending			<u><u>\$ 940,292</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Balance Sheet
 Governmental Fund
 December 31, 2021

	<u>General Fund</u>
Assets	
Cash	\$ 66,803
Accounts receivable - ad valorem taxes	<u>1,214,471</u>
Total assets	<u><u>\$ 1,281,274</u></u>
Liabilities	
Accounts payable and accrued expenses	<u>\$ 174,110</u>
Total liabilities	<u>174,110</u>
Deferred inflows of resources	
Unavailable revenue - ad valorem taxes	<u>1,228,732</u>
Fund balance (deficit)	
Unassigned (deficit)	<u>(121,568)</u>
Total fund balance (deficit)	<u>(121,568)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 1,281,274</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Reconciliation of the Balance Sheet of the Governmental Fund
 to the Statement of Net Position
 December 31, 2021

Fund balance (deficit) - total governmental fund	\$ (121,568)
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental</p>	3,038,351
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>	
Revenue bonds	(1,880,000)
Compensated absences	<u>(96,491)</u>
Net position of governmental activities	<u><u>\$ 940,292</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
 Governmental Fund
 For the Year Ended December 31, 2021

	General Fund
Revenues	
Ad valorem taxes	\$ 1,187,081
State revenue sharing	31,212
Permits, licenses and fees	647,843
Interest income	24
Miscellaneous	35,599
Total revenues	1,901,759
Expenditures	
Current - culture and recreation	1,674,967
Capital outlay	79,947
Debt service:	
Principal	275,000
Interest	80,700
Total expenditures	2,110,614
Net change in fund balance	(208,855)
Fund balance at beginning of year	87,287
Fund balance (deficit) at end of year	\$ (121,568)

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balance of Governmental Fund to the Statement of Activities
 For the Year Ended December 31, 2021

Net change in fund balance - total governmental fund	\$ (208,855)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation \$270,722 exceeds capital outlays \$79,947 in the current period.</p>	(190,775)
<p>Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	275,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>	
Compensated absences	(63,626)
Change in net position of governmental activities	\$ (188,256)

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2021

INTRODUCTION

The Cypress - Black Bayou Recreation and Water Conservation District (the District) was created by Act 292 of 1958 to develop the wealth and natural resources of the District by conserving water for agricultural, municipal, recreational, commercial, industrial, and sanitary purposes. The District is comprised of a board of five commissioners, one each appointed by the Bossier Parish Police Jury, the Bossier Parish School Board, the Mayor and governing authority of the City of Bossier City, the Mayor and governing authority of the Town of Benton, and the Bossier Levee District.

(1) Summary of Significant Accounting Policies

The Cypress - Black Bayou Recreation and Water Conservation District's financial statements are 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 established in GAAP and used by the Cypress - Black Bayou Recreation and Water Conservation District are discussed below.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of the standards, the District is considered a primary government, since it is a special purpose government that has a separate appointed governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt and has a component unit over which it exercises oversight responsibility.

B. Basic Financial Statements – Government-Wide Statements

The Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements include both government-wide (reporting the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as a whole) and fund financial statements (reporting the Cypress - Black Bayou Recreation and Water Conservation District's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Cypress - Black Bayou Recreation and Water Conservation District's general fund is classified as governmental activities. The Cypress - Black Bayou Recreation and Water Conservation District does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Cypress - Black Bayou Recreation and Water Conservation District's net position is reported in two parts – net investment in capital assets (net of related debt) and unrestricted net position.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Cypress - Black Bayou Recreation and Water Conservation District's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the District consist of permits, licenses, fees and donations. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Cypress - Black Bayou Recreation and Water Conservation District as an entity and the change in the Cypress - Black Bayou Recreation and Water Conservation District's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Cypress - Black Bayou Recreation and Water Conservation District are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Cypress - Black Bayou Recreation and Water Conservation District:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Cypress - Black Bayou Recreation and Water Conservation District:

- a. General fund is the general operating fund of the Cypress - Black Bayou Recreation and Water Conservation District. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District's general fund was determined to be a major fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Cypress - Black Bayou Recreation and Water Conservation District consist principally of property taxes, permits, licenses and fees, state revenue sharing, donations and interest income. Property taxes are recorded in the year for which the taxes are levied. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The 2021 tax levy is intended to fund the 2022 fiscal year; therefore, the levy has been recorded as a receivable and deferred inflows of resources. Interest income is recorded when earned. Permits, licenses, fees and donations are recorded when received because they are generally not measurable until actually received. State revenue sharing revenue is recorded when it is both measurable and available.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the District prior to December 31 of each year and is made available for public inspection.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget for 2021 was adopted on the cash basis for the general fund. One amendment was made to the 2021 budget.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at fair value.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10 – 40 years
Equipment	3 – 10 years
Other improvements	10 – 40 years

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the District has no transactions that meet the definition of deferred outflows of resources.

The District's governmental activities and governmental fund reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that meets this definition and qualifies for reporting in this category. Accordingly, the item "unavailable revenue" is reported in the governmental fund balance sheet and statement of net position. The District reports unavailable revenue from one source: ad valorem - property taxes. This amount is deferred and recognized as an inflow of resources in the period for which the amount was levied and budgeted.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

I. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Employees earn annual leave based upon their length of employment. Upon separation of employment, employees are paid for accumulated annual leave. Employees also earn sick leave but no unused sick leave is paid upon separation of employment.

J. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

K. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Fund Balances

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the District's Board of Commissioners (the District's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the District's Board of Commissioners removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).
4. Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's Board of Commissioners have the authority to assign amounts to be used for specific purposes.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2021
 (Continued)

5. Unassigned fund balance are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Operating and maintenance	1.56	1.56	2024

(3) Cash and Cash Equivalents

At December 31, 2021, the District had cash and cash equivalents (book balances), totaling \$66,803 as detailed below.

The District had cash and cash equivalents at December 31, 2021 (book balances) totaling \$66,803. 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.

Credit Risk

Custodial credit risk is the risk that in the event of a bank or other depositing institution failure, the government's deposits may not be returned to it. As of December 31, 2021, the District's bank balances totaling \$68,457 were covered by FDIC insurance.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2021
 (Continued)

(4) Capital Assets

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

	<u>Balance at Jan. 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Dec. 31, 2021</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 710,000	\$	\$	\$ 710,000
Total capital assets, not being depreciated	<u>710,000</u>			<u>710,000</u>
Capital assets, being depreciated:				
Buildings and improvements	2,617,957	79,947		2,697,904
Equipment	374,117			374,117
Other improvements	10,501,150			10,501,150
Total capital assets, being depreciated at historical cost	<u>13,493,224</u>	<u>79,947</u>		<u>13,573,171</u>
Less accumulated depreciation:				
Buildings and improvements	(1,254,589)	(77,983)		(1,332,572)
Equipment	(348,502)	(13,816)		(362,318)
Other improvements	(9,371,007)	(178,923)		(9,549,930)
Total accumulated depreciation	<u>(10,974,098)</u>	<u>(270,722)</u>		<u>(11,244,820)</u>
Total capital assets, being depreciated, net	<u>2,519,126</u>	<u>(190,775)</u>		<u>2,328,351</u>
Governmental activities capital assets, net	<u>\$ 3,229,126</u>	<u>\$ (190,775)</u>	<u>\$</u>	<u>\$ 3,038,351</u>

Depreciation expense for the year ended December 31, 2021 was \$270,722 and reported in culture and recreation function of governmental activities.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2021
 (Continued)

(5) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds Series 2015	\$ 2,155,000	\$	275,000	\$ 1,880,000	\$ 281,000
Compensated absences	32,866	63,625		96,491	96,491
	<u>\$ 2,187,866</u>	<u>\$ 63,625</u>	<u>\$ 275,000</u>	<u>\$ 1,976,491</u>	<u>\$ 377,491</u>

The COVID-19 Pandemic and the Governor's Proclamation Number 33 JBE 2021 created uncertainty and hardship for the District. The District and the Purchaser of debt agreed to defer the July 1, 2020 principal payment. The payment deferred will be paid by adding to the existing principal amounts in 2021 to 2027 amounts ranging from \$30,000 to \$37,000.

Revenue Bonds Series 2015

The series 2015 revenue bonds were issued by the Louisiana Local Government Environmental Facilities and Community Development Authority to the District July 1, 2015. The purchaser of the bonds was a local bank. Original amount of the issue was \$3,000,000, due in annual installments of \$200,000 to \$305,000 from July, 2018 to July, 2027. Repayment of debt is to be made from the District's lawfully available funds. Interest rate on the bonds is 4.0%. The bonds are secured by a pledge of the rights, title, and interest to the lawfully available funds of the District. The revenue bonds are considered direct borrowings and direct placement debt.

Debt service requirements at December 31, 2021, were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 281,000	\$ 69,580	\$ 350,580
2023	297,000	58,020	355,020
2024	309,000	45,900	354,900
2025	320,000	33,320	353,320
2026	331,000	20,300	351,300
2027	342,000	6,840	348,840
	<u>\$ 1,880,000</u>	<u>\$ 233,960</u>	<u>\$ 2,113,960</u>

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2021 consisted of the following:

Accounts payable	\$ 165,347
Other	8,763
	<u>\$ 174,110</u>

(7) Deferred Inflows of Resources

Deferred inflows of resources recorded in both the government-wide and in the fund financial statements at December 31, 2021 consist of unavailable revenue as follows:

Ad valorem taxes	<u>\$ 1,228,732</u>
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(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

(8) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(9) Subsequent Events

Subsequent events have been evaluated through June 28, 2022, the date the financial statements were available to be issued.

(10) Unrestricted Net Position (Deficit)

The District reports an unrestricted net position (deficit) of \$291,547 and a fund balance (deficit) of \$121,568 at December 31, 2021. The District has been expending resources on significant repairs to the facilities and grounds. The District approved a new rate structure for permits, licenses, and other charges beginning in 2015, which includes options for additional increases in the permits, licenses and fees for future years with the intent to eliminate the deficit.

(11) Tax Abatement

As of December 31, 2021, the District is subject to property tax abatement agreements with multiple businesses which were entered into by the State of Louisiana through the Industrial Tax Exemption Program (ITEP). The agreements allow localities to abate property taxes for a variety of economic development purposes, including job creation, as well as business relocation, retention, and expansion.

The District has not made any commitments as part of the agreements other than to reduce taxes.

Industrial Tax Exemption (ITEP):

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers an attractive tax incentive for manufacturers within the state. The program abates, up to ten years, local property taxes (Ad Valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site with the approval of the Governor. The legal authority is Article 7, Section 21(F) of the Louisiana Constitution.

Gross Dollar Amount by Which Cypress Black Bayou's Tax Revenues Were Reduced: Cypress Black Bayou estimates property tax revenues have been reduced by \$1,679 for the year.

(12) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 (CASH BASIS)
 General Fund
 For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 1,100,000	\$ 1,150,000	\$ 1,187,081	\$ 37,081
State revenue sharing	26,000	30,000	31,212	1,212
Permits, license and fees	640,000	640,000	647,843	7,843
Interest income	100	100	24	(76)
Miscellaneous	20,000	30,000	35,599	5,599
Total revenues	1,786,100	1,850,100	1,901,759	51,659
Expenditures				
Current - culture and recreation	1,371,600	1,468,600	1,605,560	(136,960)
Capital outlay	125,000	205,000	79,947	125,053
Debt service	317,000	355,700	355,700	
Total expenditures	1,813,600	2,029,300	2,041,207	(11,907)
Net change in fund balance	(27,500)	(179,200)	(139,448)	39,752
Fund balance at beginning of year	129,400	206,000	206,251	251
Fund balance at end of year	\$ 101,900	\$ 26,800	\$ 66,803	\$ 40,003

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Notes to Required Supplementary Information
 December 31, 2021

The District's budget is adopted on a cash basis for all funds. There was one amendment to the 2021 budget. The budget comparison schedule included in the accompanying financial statements includes the original and amended budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budget basis)	\$ (139,448)
Adjustments:	
Expenditure accruals – net	<u>(69,407)</u>
Excess of revenues and other sources over (under) expenditures and other uses (GAAP basis)	<u>\$ (208,855)</u>

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Other Supplementary Information
Schedule of Compensation Paid Commissioners
For the Year Ended December 31, 2021

COMPENSATION PAID COMMISSIONERS

This schedule of compensation paid commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 38:2605, the commissioners are entitled to receive, out of available funds of the District, a per diem allowance of \$40 for each meeting of the District that they attend, but no such allowance shall be paid for more than 36 meetings in any calendar year.

	<u>NUMBER</u>	<u>AMOUNT</u>
Emmett "Gary" Wyche, Jr.	13	\$ 520
Walter O. Bigby Jr.	14	560
Mel Allen	3	120
Jerry W. Fowler	14	560
Robert Berry	14	
Kelly Long	7	<u>280</u>
Total		<u>\$ 2,040</u>

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Other Supplementary Information
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2021

Agency Head: Robert A. Berry, Executive Director

PURPOSE

AMOUNT

Salary

\$ 126,250

COOK & MOREHART

Certified Public Accountants

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditors' Report

Board of Commissioners
Cypress - Black Bayou Recreation
and Water Conservation District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Cypress - Black Bayou Recreation and Water Conservation District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements, and have issued our report thereon dated June 28, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cypress - Black Bayou Recreation and Water Conservation 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 Cypress - Black Bayou Recreation and Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cypress - Black Bayou Recreation and Water Conservation 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 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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
June 28, 2022

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Summary Schedule Audit Findings
December 31, 2021

Summary Schedule of Prior Year Audit Findings

There were no findings in the audit for the year ended December 31, 2020.

Summary Schedule of Current Year Audit Findings

There are no findings in the current audit for the year ended December 31, 2021.

COOK & MOREHART

Certified Public Accountants

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Cypress - Black Bayou Recreation
and Water Conservation District
Benton, Louisiana
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 Cypress - Black Bayou Recreation and Water Conservation District's management is responsible for those C/C areas identified in the SAUPs.

Cypress - Black Bayou Recreation and Water Conservation 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 acknowledges 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 collection for each type of revenue or agency fund additions (including 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, and (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.
- 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 Statutes (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 disclosures/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.

Management provided written policies and procedures addressing all of the above.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Board of Commissioners of the District met on a monthly basis.

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 funds. 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: The minutes do not make reference or include budget-to-actual comparisons on the general fund.

Management's Response: Management provides the Board of Commissioners monthly financial reports.

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.

The District did not have a negative unassigned fund balance in the prior year audit report.

Bank Reconciliations

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

Management provided the requested information, along with management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date

- 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

Exception: The bank reconciliations did not include evidence that a member of management reviewed the bank reconciliations.

Management's Response: It is the District's policy for the Executive Director to review all bank statements. Management will implement a policy whereby the District's contract accountant will review each bank reconciliation and initial those reconciliations.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception: There were seventeen (17) outstanding checks totaling \$1,543, on the bank reconciliations selected for testing that were more than 12 months old. There was no indication that management had researched these outstanding items.

Management's Response: Management will research and follow up on old outstanding items.

Collections

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).

Management provided the requested information, along with 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 that are 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 verifies the reconciliation.

Management provided the requested information, along with management's representation that the listing was complete and job duties are properly segregated.

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 District has a crime policy which includes coverage for employee theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

The District's accounting software generates prenumbered receipts. For the deposits selected for testing, the deposit slip total was located on the bank statement, and the actual deposit was traced to the general ledger.

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

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

Management provided the requested information, along with management's representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to

employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- 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 employee responsible for processing payments can also add/modify vendor files. The employee responsible for processing payments also mails the payments to the vendors.

Management's Response: The District will consider controls whereby the same individual does not process payments and mail those payments to the vendors and mail signed checks. All purchases are approved by the Executive Director prior to payment being made.

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

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursement matched the related original invoice, included supporting documentation indicating deliverables were received by the District, and included evidence of segregation of duties, except as noted below:

Exception: The employee responsible for processing payments can also modify vendor files and mails the payments to the vendors.

Management's Response: The District will consider controls whereby the same individual does not process payments and mail those payments to the vendors and mail signed checks. All purchases are approved by the Executive Director prior to payment being made.

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), 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.

Management provided the requested information, along with 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.].

Exception: There was no evidence that the monthly statements were approved in writing by someone other than the card holder.

Managements' Response: It is the District's policy for the Executive Director to approve all purchases. The Executive Director will initial statements after review indicating approval.

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

None of the statements selected for testing contained finance charges and or late fees.

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. For each transaction, report whether the transaction is supported by:

1) An original itemized receipt (i.e., identifies precisely what was purchased)

Transactions tested were supported by original itemized receipts.

2) Written documentation of the business/public purpose.

Transactions tested were supported with the business purpose documentation.

3) Documentation of the individuals participating in meals (for meal charges only).

None of the transactions selected for testing were for meal charges.

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:

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.

There were no travel and travel-related expense reimbursements for the year ended December 31, 2021.

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:

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.

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).

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).

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 contracts initiated or renewed during the fiscal period for testing.

Payroll and Personnel

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

Management provided the requested information, along with management's representation that the listing is complete. For the 5 employees selected for testing, the paid salaries agreed with the authorized salaries/pay rates in the personnel files.

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

a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Daily attendance and leave was documented for the employees selected for testing.

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

Exception: For the transactions tested there was no evidence that supervisors approved the attendance records.

Managements' Response: The Executive Director will begin initialing attendance records to document supervisory approval.

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

For the transactions selected for testing, leave taken was reflected in the District's cumulative leave records.

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

For the transactions selected for testing, the rate of pay to the employees agreed to the authorized salary/pay rate found within the personnel file.

- 18. 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.

The District did not pay out any termination payments during the fiscal period.

- 19. Obtain management's representation that employer and employee portions of third party payroll related amounts including payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, have been paid, and any associated forms have been filed, by required deadlines.

Management provided representation that employer and employee portions of third party payroll related amounts, including payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums, have been paid, and any associated forms have been filed, by required deadlines.

Ethics

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

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

Exception: For the five (5) employees selected for testing, one (1) employee's records did not document that the ethics training was completed.

Management's Response: It is the District policy for all employees to complete the required ethics training annually.

- b) 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.

The District did not make any changes to the ethics policy during the fiscal period.

Debt Service

- 21. 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.

The District did not issue any debt during the fiscal period.

22. 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).

Management provided the listing and represented that it was complete. For the transactions selected for testing, there were no exceptions noted.

Fraud Notice

23. 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.

The District's management represented that there were no misappropriations of public funds and assets during the fiscal period.

24. 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

We observed the District 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.

Information Technology Disaster Recovery/Business Continuity

25. 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.

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.

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 procedures and discussed the results with management.

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: Employees of the District did not obtain the required sexual harassment training.

Management's Response: The District will implement procedures for ensuring that employees obtain sexual harassment training in the future.

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).

The District has posted its sexual harassment policy on the premise.

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 District did not complete the required report for the current fiscal period.

Management's Response: The District will complete the required report.

We were engaged by Cypress - Black Bayou Recreation and Water Conservation 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 Cypress - Black Bayou Recreation and Water Conservation 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.



Cook & Morehart
Certified Public Accountants
June 28, 2022