BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

BAYOU DES CANNES-
NEZPIQUE GRAVITY DRAINAGE DISTRICT

December 31, 2024

CONTENTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bayou Des Cannes – Nezpique Gravity Drainage District, a component unit of the Acadia Parish Police Jury, as of and for the year ended December 31, 2024, 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, each major and non-major fund, and the aggregate remaining fund information of the Bayou Des Cannes – Nezpique Gravity Drainage District, a component unit of the Acadia Parish Police Jury, as of December 31, 2024, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. 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, a component unit of the Acadia Parish Police Jury, 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.

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

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, a component unit of the Acadia Parish Police Jury'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 and *Government 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, a component unit of the Acadia Parish Police Jury'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, a component unit of the Acadia Parish Police Jury'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

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 an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 29 and the notes to the required supplementary information on page 30 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 Bayou Des Cannes – Nezpique Gravity Drainage District, a component unit of the Acadia Parish Police Jury'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 30, 2025, on our consideration of the Bayou Des Cannes – Nezpique Gravity Drainage District, a component unit of the Acadia Parish Police Jury'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, a component unit of the Acadia Parish Police Jury'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, a component unit of the Acadia Parish Police Jury's internal control over financial reporting and compliance.

Langley, Williams & Co., LLC

Lake Charles, Louisiana
June 30, 2025

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BAYOU DES CANNES-
NEZPIQUE GRAVITY DRAINAGE DISTRICT

STATEMENT OF NET POSITION
December 31, 2024

ASSETS		
Cash and cash equivalents	$	413,681
Certificates of deposit		450,000
Ad valorem taxes receivable		628,899
State revenue sharing receivable		10,447
Interest receivable		2,388
Prepaid insurance		32,012
Capital assets:		
Land		14,094
Capital assets, net of accumulated depreciation/amortization		666,205
Total assets	$	2,217,726
LIABILITIES		
Accounts payable	$	3,345
Current portion of lease liabilities		142,322
Pension fund deduction payable		20,623
Payroll liabilities		2,801
Long-term liabilities		
Lease liabilities		79,487
Total liabilities		248,578
NET POSITION		
Investment in capital assets		458,490
Unrestricted		1,510,658
Total net position		1,969,148
Total liabilities and net position	$	2,217,726

See accompanying notes and independent auditors' report.

BAYOU DES CANNES-
NEZPIQUE GRAVITY DRAINAGE DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended December 31 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
Drainage works	$ 514,910	$ -	$ -	$ (514,910)
Total governmental activities	$ 514,910	$ -	$ -	(514,910)
General revenues:				
Ad valorem taxes				618,979
State revenue sharing				10,447
Interest income				24,171
Gain on sale of capital assets				13,945
Miscellaneous income				3,374
Total general revenues				670,916
Change in net position				156,006
Net position at beginning of year- as previously stated				1,788,842
Prior period adjustment				24,300
Net position at beginning of year- restated				1,813,142
Net position at end of year				$ 1,969,148

See accompanying notes and independent auditors' report.

FUND FINANCIAL STATEMENTS

BAYOU DES CANNES-
NEZPIQUE GRAVITY DRAINAGE DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2024

	General Fund
ASSETS	
Cash and cash equivalents	$ 413,681
Certificates of deposit	450,000
Ad valorem taxes receivable	628,899
State revenue sharing receivable	10,447
Interest receivable	2,388
Prepaid insurance	32,012
Total assets	$ 1,537,427
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 3,345
Pension fund deduction payable	20,623
Payroll liabilities	2,801
Total liabilities	26,769
Fund balance:	
Unassigned	1,510,658
Total liabilities and fund balance	$ 1,537,427

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, 2024

FUND BALANCE OF GOVERNMENTAL FUNDS		$ 1,510,658
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Other financing sources		
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	1,257,000	
Less - accumulated depreciation and amortization:		
Moveable property	(415,780)	
Right-of-use leased assets	(175,015)	
		680,299
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Lease liabilities		(221,809)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,969,148

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, 2024

	General Fund
Revenue:	
Ad valorem taxes	$ 618,979
Intergovernmental revenue	
State revenue sharing	10,447
Investment earnings	24,171
Miscellaneous income	3,374
Total revenues	656,971
Expenditures:	
Current:	
Salaries and wages	176,316
Compensation to board members	8,550
Payroll taxes	12,478
Pension fund	20,623
Insurance	51,313
Drainage maintenance	33,136
Fuel	25,365
Chemical spraying	3,064
Professional fees	15,250
Miscellaneous	15,525
Capital outlay	392,110
Debt service:	
Lease principal retirement	96,956
Lease interest	14,447
Total expenditures	865,133
Net change	(208,162)
Other financing sources:	
Proceeds from sale of capital assets	37,950
Issuance of lease proceeds	113,346
Total other financing sources	151,296
Net change in fund balance	(56,866)
Fund balance at beginning of year- as previously stated	1,543,224
Prior period adjustment	24,300
Net position at beginning of year- restated	1,567,524
Fund balance at end of year	$ 1,510,658

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, 2024

Total net change in fund balances - governmental fund - per the Statement of Revenues, Expenditures, and Changes in Fund Balance		$	(208,162)
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.			
Capital asset purchases	392,110		
Depreciation expense of moveable property	(44,789)		
Amortization expense for right-of-use equipment	(94,054)		
			253,267
The effect of miscellaneous transactions involving capital assets:			
Gain on disposal of capital assets	13,945		
Proceeds from sale of capital assets	(37,950)		
			(24,005)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Issuance of lease proceeds	(113,346)		
Lease principal payments	96,956		
			(16,390)
Change in net position of governmental activities		$	4,710

See accompanying notes and independent auditors' report.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Louisiana Revised Statute 38:1607, the Bayou Des Cannes – Nezpique Gravity Drainage District (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.

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Acadia Parish Police Jury is the financial reporting entity for Acadia Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Acadia Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and

    a. The ability of the police jury to impose its will on that organization and/or

    b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury 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 Acadia Parish 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Presentation

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (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 more significant of the District's accounting policies are described below.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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 Activities for the District.

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.

Governmental Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District’s functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified into one category, governmental fund. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Accounting/Measurement Focus

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

The amounts reflected in the governmental fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar-year basis, become due on November 15 of each year, and become delinquent by December 31. The taxes are normally collected in December, January, and February of the fiscal year. Interest income on deposits is recorded when interest is earned. Substantially all other revenues are recorded when received.

Expenditures

The District's primary expenditures include salaries, leases and insurance, which are recorded when the liability is incurred. Capital expenditures and purchase of various operating supplies are regarded as expenditures at the time purchased.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Accounting/Measurement Focus – (Continued)

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

Cash, Cash Equivalents and Certificates of Deposits

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.

Ad Valorem Tax Receivable

Ad valorem tax receivable totaled $628,899 as of December 31, 2024. 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, 2024.

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.

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
Vehicles	5 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Leases

The District is a lessee for noncancellable lease agreements for equipment used for drainage work. In accordance with GASB Statement No. 87, *Leases*, the District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements for those lease contracts with an initial individual value that is material to the financial statements and whose terms call for a lease period greater than one year. The lease liability is measured at the commencement of the lease at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include (1) the discount rate used to present value the expected lease payment, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the District Attorney uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease terms include the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Equity Classification – (Continued)

- Unrestricted net position – All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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.

Fund Balance Classification

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

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.

At December 31, 2024, the District has no material accumulated leave benefits

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.

Recently Adopted Accounting Pronouncements

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 Statemen are effective for fiscal years beginning after December 31, 2023, with earlier application encouraged. The effect of implementation had no material effect on the District's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Recently Issued Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements:

GASB Statement 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This standard is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This standard is effective for fiscal years beginning after June 15, 2025. The effect of implementation on the District's financial statements has not yet been determined.

GASB Statement 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

2. CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

At December 31, 2024, the District has cash and cash equivalents and certificates of deposit (book balances) as follows:

Demand deposits	$ 413,681
Time deposits	450,000
	$ 863,681

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, 2024, were secured as follows:

Demand deposits	$ 417,234	Federal Deposit Insurance	$ 500,000
Time deposits	450,000	Pledge Securities	1,277,761
	$ 867,234		$1,777,761

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.

Expected collections and collections of the 2024 levy are accrued as receivable and as revenue in the current year (2024). For budget purposes, property taxes collected in 2024 are designated as revenue appropriable in the 2024 budget year.

For the year ended December 31, 2024, taxes of 5.88 mills were levied on property with assessed valuations totaling approximately $106,617,657. Total taxes levied for the year ended December 31, 2024 were $626,913.

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 15^{th} 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.

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4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, was as follows:

	Balance 1/1/24	Additions	Deletions	Balance 12/31/24
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 14,094	$ -	$ -	$ 14,094
Total capital assets not being depreciated	$ 14,094	$ -	$ -	$ 14,094
Capital assets being depreciated:				
Building and improvements	$ 170,349	$ -	$ -	$ 170,349
Equipment	371,146	278,764	(70,704)	579,206
Vehicles	147,925	-	(42,911)	105,014
Right-of-used leased equipment	289,084	113,347	-	402,431
Total capital assets being depreciated	978,504	392,111	(113,615)	1,257,000
Less accumulated depreciation:				
Building and improvements	74,667	4,750	-	79,417
Equipment	274,313	28,963	(46,699)	256,577
Vehicles	111,622	11,075	(42,911)	79,786
Right-of-used leased equipment	80,961	94,054	-	175,015
Total accumulated depreciation	541,563	138,842	(89,610)	590,795
Total capital assets being depreciated, net	$ 436,941	$ 253,269	$ (24,005)	$ 666,205

Depreciation expense of $44,789 and amortization expense of $94,054 were charged to governmental functions for the year ended December 31, 2024.

5. COMPENSATION PAID TO BOARD COMMISSIONERS

Comissioner:	
Troy Fruge	$ 1,500
Danny Wimberly	1,800
Brent Reed	1,950
Terry Broussard	1,800
Earl Garber	1,500
Total	$ 8,550

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

6. LEASES

Lease liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance 1/1/2024	Additions	Reductions	Ending Balance 12/31/2024	Due Within One Year 12/31/2024
Equipment	$ 205,419	$ 113,346	$ 96,956	$ 221,809	$ 142,322

In January 2023, the District entered into a 36-month lease as Lessee for the use of three pieces of equipment. An initial lease liability was recorded in the amount of $289,084. As of December 31, 2024, the value of the lease liability is $114,358. The District is required to make monthly fixed payments of $8,691. The lease has an interest rate of 8.51%. The equipment's estimated useful life was 7 years as of the contract commencement. The value of the right to use asset as of December 31, 2024 of $289,084 with accumulated amortization of $169,317 is included with equipment on the lease class activities table found below.

In November 2024, the District entered into a 36-month lease as Lessee for the use of a vehicle. An initial lease liability was recorded in the amount of $113,347. As of December 31, 2024, the value of the lease liability is $107,451. The District is required to make monthly fixed payments of $3,557. The lease has an interest rate of 6.75%. The equipment's estimated useful life was 7 years as of the contract commencement. The value of the right to use asset as of December 31, 2024 of $113,347 with accumulated amortization of $5,697 is included with equipment on the lease class activities table found below.

Amount of lease assets by major classes of underlying assets as of December 31, 2024 is as follows:

Asset Class	Lease Asset Value	Accumulated Amortization
Equipment	$ 402,431	$ (175,015)

Principal and interest requirements to maturity as of December 31, 2024 is as follows:

Fiscal Year	Principal Payment	Interest Payment	Total Payments
2025	$ 131,221	$ 11,101	$ 142,322
2026	59,284	3,609	62,893
2027	31,304	707	32,011
	$ 221,809	$ 15,417	$ 237,226

7. PRIOR PERIOD ADJUSTMENT

The District has determined that certain transactions were recorded incorrectly in a prior year.

Prepaid insurance was understated due to the District not reporting the amount of insurance that was paid during the year for the subsequent year. A reconciliation of the prior period ending net position and fund balance is as follows:

	Net Position, as Previously Reported	Prepaid Insurance Restatement	Net Position As Restated
Statement of Net Position:			
Total Net Position	$ 1,788,842	$ 24,300	$ 1,813,142

	Fund Balance Unassigned as Previously Reported	Prepaid Insurance Restatement	Fund Balance Unassigned As Restated
Balance Sheet - Governmental Fund:			
Total Fund Balance	$ 1,543,224	$ 24,300	$ 1,567,524

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; 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.

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, 2024

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenue:				
Ad valorem taxes	$ 558,000	$ 725,000	$ 618,979	$ (106,021)
Intergovernmental revenue				
State revenue sharing	7,000	10,000	10,447	447
Investment earnings	10,000	22,000	24,171	2,171
Miscellaneous income	-	-	3,374	3,374
Total revenues	575,000	757,000	656,971	(100,029)
Expenditures:				
Current:				
Salaries and wages	185,500	176,000	176,316	(316)
Compensation to board members	8,400	8,500	8,550	(50)
Payroll taxes	13,500	7,000	12,478	(5,478)
Pension fund	20,000	21,000	20,623	377
Insurance	40,500	61,000	51,313	9,687
Drainage maintenance	177,000	118,000	33,136	84,864
Fuel	-	-	25,365	(25,365)
Chemical spraying	-	-	3,064	(3,064)
Professional fees	16,000	15,000	15,250	(250)
Miscellaneous	-	-	15,525	(15,525)
Capital outlay	-	277,300	392,110	(114,810)
Debt service:				
Lease principal retirement	107,300	113,000	96,956	16,044
Lease interest	-	-	14,447	(14,447)
Total expenditures	568,200	796,800	865,133	(68,333)
Net change	6,800	(39,800)	(208,162)	(168,362)
Other financing sources:				
Proceeds from sale of capital assets	-	-	37,950	37,950
Issurance of lease proceeds	-	-	113,346	113,346
Total other financing sources	-	-	151,296	151,296
Net change in fund balance	6,800	(39,800)	(56,866)	(17,066)
Fund balance at beginning of year- as previously stated	1,543,224	1,543,224	1,543,224	
Prior period adjustment	-	-	24,300	
Net position at beginning of year- restated	1,543,224	1,543,224	1,567,524	
Fund balance at end of year	$ 1,550,024	$ 1,503,424	$ 1,510,658	

The accompanying notes are an integral part of this statement.

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Notes to the Required Supplementary Information
For the Year Ended December 31, 2024

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, 2024

Agency Head Name: Troy Fruge, President

Purpose	Amount
Salary	$ 1,500
Benefits	-
Per Diem	-
Other	-
	$ 1,500

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 HABETZ 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 the governmental activities and the aggregate remaining fund information of Bayou Des Cannes – Nezpique Gravity Drainage District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Bayou Des Cannes – Nezpique Gravity Drainage District's basic financial statements and have issued our report thereon dated June 30, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bayou Des Cannes – Nezpique Gravity Drainage District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bayou Des Cannes – Nezpique Gravity Drainage District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bayou Des Cannes – Nezpique Gravity Drainage District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 24-01 (IC) that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bayou Des Cannes – Nezpique Gravity Drainage District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 two 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 cost as items 24-01 (C) and 24-02 (C).

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

Government Auditing Standards requires the auditor to perform limited procedures on the Bayou Des Cannes – Nezpique Gravity Drainage District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Bayou Des Cannes – Nezpique Gravity Drainage District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Langley, Williams & Co., LLC

Lake Charles, Louisiana
June 30, 2025

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

SECTION 1 – <u>SUMMARY OF AUDITORS' RESULTS</u>

<u>Financial Statements</u>

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

<u>Federal Awards</u>

Not applicable

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Current Year Findings with Corrective Action Plan
For the Year Ended December 31, 2024

A. Internal Control:

24-01 (IC) – Segregation of Duties

Criteria: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition: Accounting and financial functions are not adequately segregated.

Cause: Limited number of employees due to the small size of the District.

Effect: Errors or irregularities may not be detected within a timely period.

Recommendation: Present all transactions to the board of commissioners at their monthly regular schedule meeting for their review and approval.

Management's Response and Corrective Action Plan: It is not feasible to correct this deficiency based on the size of the District. The Board of Directors reviews and approves all checks before distribution and reviews all bank statements for unusual items on a monthly basis.

B. Compliance:

24-01 (C) – Budget Preparation

Criteria: The District must comply with certain provisions of the Local Government Budget Act set forth in state law, LSA R.S. 39:1301-1314. The Act contains various budget requirements for the General Fund and any major funds regarding public notification and disclosure, and requires budget to be amended when:

1) Total revenues, or other sources plus projected revenue and other sources for the remainder of the year are failing to meet total budgeted revenues and other sources by five percent or more.

2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year are failing to meet total budgeted expenditures and other uses by five percent or more.

3) Actual beginning fund balance within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

Condition: Actual expenditures and other sources exceeded total budgeted expenditures and other sources by five percent.

24-01 (C) – Budget Preparation – (Continued)

Cause: The District entered into a lease in the current year that needed to be capitalized that caused their expenses to greater than 5% of budgeted expenditures.

Effect: Noncompliance with the Louisiana Local Government Budget Act.

Recommendation: That the District review the Louisiana Budget Act annually for any changes. That they monitor all planned revenues, spending and transfers and seek guidance from legal council or CPA if necessary.

Management's Response and Corrective Action Plan: Management agrees with CPA's recommendation. All board members were given a copy of the Louisiana Budget Act for review. They will monitor all planned revenues, expenses and transfers carefully and make sure that they are in compliance with the Budget Act.

24-02 (C) – Compliance with Bid Law

Criteria: The Louisiana Public Bid Law is the set of laws that governs contracts for public works and the purchase of materials and supplies by public entities that meet certain threshold requirements called the "contract limit" (minimum). This limit is $60,000 for materials and supplies, and $250,000 for public works. The purpose of the public bid law is to ensure that public entities receive the best possible price when using public funds for the procurement of materials and supplies or public works. The Public Bid Law is a prohibitory law founded on public policy and therefore public entities must strictly comply with its provisions absent express exception in law.

Condition: Contracts by local governmental entities for purchases of materials and supplies with a value of more than $60,000 must be advertised and let for contract with the lowest responsible bidder.

Cause: The District purchased a piece of equipment over the $60,000 limit and did not follow the bid law when purchasing.

Effect: Noncompliance with the Louisiana Bid Law.

Recommendation: Management review the Louisiana Public bid law for compliance for each of the threshold requirements.

Management's Response and Corrective Action Plan: Management agrees with CPA's recommendation. All board members were given a copy of the Louisiana Public Bid Law for review. They will monitor all planned expenses carefully and make sure that they are in compliance with the Public Bid Law.

BAYOU DES CANNES –
NEZPIQUE GRAVITY DRAINAGE DISTRICT

Schedule of Prior Year Findings
For the Year Ended December 31, 2024

C. Internal Control:

   23-01 (IC) – Segregation of Duties

   Criteria: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

   Condition: Accounting and financial functions are not adequately segregated.

   Current status: See schedule of findings, item 24-01 (IC)

D. Compliance:

   No finding noted

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

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SARAH CLARK WERNER
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JESSICA LOTT-HANSEN

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, 2024 through December 31, 2024. 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, 2024 through December 31, 2024. 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:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

iii. ***Disbursements***, including processing, reviewing, and approving.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

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completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

Management's response: Management is still in the process of creating a written document with all policies and procedures.

2) Board or Finance Committee

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

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

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

ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.

Exception: There is no reference in the monthly minutes that state they review budget to actual comparison.

Management's response: Management will review monthly budget to actual number on a monthly basis and reference this in their monthly minutes.

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

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.

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

Only finding is segregation of duties which will never go away in the foreseeable future.

3) Bank Reconciliations

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

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

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

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

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

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

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

4) Collections (excluding electronic funds transfers)

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

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

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

i. Employees responsible for cash collections do not share cash drawers/registers;

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

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

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

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

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

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

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

i. Observe that receipts are sequentially pre-numbered.

The entity only receives money from ad valorem taxes and other periodic payments; therefore, they will not have a system in place to issue sequentially pre-numbered receipts thus making this procedure not applicable.

ii. 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.

iii. 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.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

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

v. Trace the actual deposit per the bank statement to the general ledger.

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

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

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

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

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

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

ii. At least two employees are involved in processing and approving payments to vendors;

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

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

Exception: We noted the employee responsible for processing payments is the same person that add/modifies vendor files.

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.

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

Exception: We noted the employee responsible for processing payments is responsible for mailing the payments.

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.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

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

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

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

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Exception: Due to small size of the Entity, there is no documentation of complete 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.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

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

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

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

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

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

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

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

C. Using the monthly statements or combined statements selected under procedure #7B above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

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

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

9) Payroll and Personnel

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

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

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

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

Exception: One of the five employees did not have documentation of their daily attendance and leave.

Management's response: Going forward management will make sure that all paychecks have timesheets to support pay.

ii. 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.

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

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

iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

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

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

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

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

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

10) *Ethics*

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

Exception: Four of the five employees did not have documentation of their annual ethics training for the year.

Management's response: Management will make sure that all employees obtain their annual ethics training.

ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

The District is working on their ethics policy and will distribute to each employee when it is complete.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Exception: The agency did not appoint an ethics designee.

Management's Response: Management will appoint an ethics designee as required by R.S. 42:1170.

11) Debt Service

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

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

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

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

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

There were no exceptions noted in the previous year; therefore, this procedure is not applicable.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

This procedure does not require testing in Year 2.

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

This procedure does not require testing in Year 2.

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

This procedure does not require testing in Year 2.

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

This procedure does not require testing in Year 2.

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

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

This procedure does not require testing in Year 2.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Exception: No employees completed one hour of sexual harassment training during the calendar year.

Management's response: Going forward, management will ensure all employees take required training.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Exception: The District does not have a sexual harassment policy or complaint procedures that they can post in a conspicuous location on its premises.

Management's response: Management is working on their policies and will post once they are complete.

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

i. Number and percentage of public servants in the agency who have completed the training requirements;

ii. Number of sexual harassment complaints received by the agency;

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

v. Amount of time it took to resolve each complaint.

Exception: The District did not create a sexual harassment report for the current fiscal period.

Management's response: Management will produce a sexual harassment report with the above items timely going forward.

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

Langley, Williams & Co., LLC
Jennings, LA
June 30, 2025