

**SOUTHEAST WATERWORKS
DISTRICT NUMBER 2**

Abbeville, Louisiana

Financial Report

Year Ended December 31, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
BASIC FINANCIAL STATEMENTS	
Proprietary Fund Type - Enterprise Fund:	
Statement of net position	5
Statement of revenues, expenses and changes in net position	6
Statement of cash flows	7-8
Notes to basic financial statements	9-19
OTHER INFORMATION	
Schedule of number of utility customers and water rates	21
Schedule of insurance in force	22
Comparative statements of net position	23
Comparative statements of revenues, expenses and changes in net position	24
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26-27
Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan	28-31

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel
C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022
Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.
Ville Platte, LA 70586 Baton Rouge, LA 70816
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Southeast Waterworks District
Number 2
Abbeville, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Southeast Waterworks District Number 2 (District), a component unit of the Vermilion 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 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 business-type activities of the District, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

The District 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of number of utility customers and water rates, schedule of insurance in force, and comparative financial statements but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Abbeville, Louisiana
April 30, 2025

BASIC FINANCIAL STATEMENTS

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Statement of Net Position
December 31, 2024

ASSETS

Current assets:	
Cash and cash equivalents	\$ 454,202
Interest-bearing deposits	1,210,808
Accounts receivable, net of allowance for uncollectibles	143,876
Accrued interest receivable	695
Prepaid expenses	11,215
Total current assets	<u>1,820,796</u>
Restricted assets:	
Revenue bond sinking account	105,773
Revenue bond reserve account	99,879
Revenue bond contingency account	32,866
Revenue bond short lived asset account	322,364
Water sector program account	1,356,136
Customer deposits	34,450
Total restricted assets	<u>1,951,468</u>
Capital assets, net	<u>6,197,442</u>
Easements	<u>10,760</u>
Total assets	<u>9,980,466</u>

LIABILITIES

Current liabilities (payable from current assets):	
Accounts payable	75,771
Accrued liabilities	6,734
Other liabilities	6,417
Total current liabilities (payable from current assets)	<u>88,922</u>
Current liabilities (payable from restricted assets):	
Customer deposits	34,450
Accrued interest on bonds	35,071
Current portion of long term debt	203,351
Total current liabilities (payable from restricted assets)	<u>272,872</u>
Total current liabilities	<u>361,794</u>
Noncurrent liabilities:	
Revenue bonds payable	5,472,111
Total liabilities	<u>5,833,905</u>

NET POSITION

Net investment in capital assets	2,081,467
Restricted for equipment acquisition	1,711,366
Unrestricted	353,728
Total net position	<u>\$ 4,146,561</u>

The accompanying notes are an integral part of the basic financial statements.

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2024

Operating revenues:	
Charges for services -	
Water sales	\$ 1,164,314
Penalties	23,033
Reconnection fees	13,700
Meter fees	21,906
Miscellaneous income	3,917
Total operating revenues	<u>1,226,870</u>
Operating expenses:	
Salaries	227,721
Payroll taxes	16,254
Group and life insurance	53,941
Retirement	16,259
Insurance	37,811
Supplies	15,534
Telephone and utilities	47,379
Chemicals	59,296
Meter installation and reading	18,380
Depreciation	268,577
Professional fees	17,445
Maintenance and repairs	54,117
Automobile expense	16,825
Printing, postage and publications	15,766
Bank charges	1,432
Other	24,446
Total operating expenses	<u>891,183</u>
Operating income	<u>335,687</u>
Nonoperating revenues (expenses):	
Interest income	61,480
Loss on disposal of assets	(3,317)
Interest expense	(207,869)
Total nonoperating revenues (expenses)	<u>(149,706)</u>
Change in net position	185,981
Net position, beginning	<u>3,960,580</u>
Net position, ending	<u>\$ 4,146,561</u>

The accompanying notes are an integral part of the basic financial statements.

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Statement of Cash Flows
Year Ended December 31, 2024

Cash flows from operating activities:	
Receipts from customers	\$ 1,215,710
Payments to suppliers	(243,225)
Payments to employees and related costs	(313,871)
Miscellaneous income	<u>3,917</u>
Net cash provided by operating activities	<u>662,531</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(124,926)
Interest paid on long-term debt	(181,273)
Proceeds from long-term debt	1,530,000
Proceeds from disposal of capital assets	10,820
Acquisition and construction of capital assets	<u>(298,408)</u>
Net cash provided by capital and related financing activities	<u>936,213</u>
Cash flows from investing activities:	
Proceeds from sale of investments	34,789
Proceeds of interest-bearing deposits with maturity in excess of ninety days	527,366
Purchase of interest-bearing deposits with maturity in excess of ninety days	(1,210,808)
Interest income	<u>61,480</u>
Net cash used by investing activities	<u>(587,173)</u>
Net change in cash and cash equivalents	1,011,571
Cash and cash equivalents, beginning of period	<u>1,394,099</u>
Cash and cash equivalents, end of period	<u>\$ 2,405,670</u>

The accompanying notes are an integral part of the basic financial statements.

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Statement of Cash Flows (Continued)
Year Ended December 31, 2024

Reconciliation of operating income to net cash
provided by operating activities:

Operating income	\$ 335,687
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	268,577
(Increase) decrease in operating assets - Receivables	(7,243)
Increase (decrease) in operating liabilities - Accounts payable	65,206
Accrued liabilities	304
Net cash provided by operating activities	<u>\$ 662,531</u>

Cash and cash equivalents, end of period -

Current	\$ 454,202
Restricted	
Revenue bond sinking account	105,773
Revenue bond reserve account	99,879
Revenue bond contingency account	32,866
Revenue bond short lived asset account	322,364
Water sector program account	1,356,136
Customer deposits	34,450
	<u>\$ 2,405,670</u>

The accompanying notes are an integral part of the basic financial statements.

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of Southeast Waterworks District Number 2 (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District’s accounting policies are described below.

A. Financial Reporting Entity

The District was created under the provisions of Louisiana Revised Statutes 33:3811, for the purpose of providing water to the rural areas of Vermilion Parish. The District is governed by a board of commissioners composed of six members appointed by the Vermilion Parish Police Jury.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

Because the Vermilion Parish Police Jury appoints the District’s governing body, the District was determined to be a component unit of the Vermilion Parish Police Jury, the governing body of the parish and the governmental entity with oversight responsibility. The accompanying financial statements present information only on the proprietary fund maintained by the District and do not present information on the Vermilion Parish Police Jury, the general government services provided by that governmental entity, or the other governmental entities that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental entities and as a governmental entity provides certain disclosures required by the Governmental Accounting Standards Board.

C. Fund Accounting

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Notes to Basic Financial Statements

The District maintains only one fund and it is described below:

Proprietary Fund –

Enterprise Fund

The Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The enterprise fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. 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.

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Notes to Basic Financial Statements

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. They are stated at cost, which approximates market.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities report customer's utility service receivables as their major receivables. This receivable is reported net of an allowance for doubtful accounts. The allowance amount at December 31, 2024 is \$ \$70,727.

Unbilled receivables resulting from services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated acquisition cost at the date of donation. The District maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Utility System and Improvements	25-50 years
Equipment	5-10 years

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Notes to Basic Financial Statements

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

- a. Net investment in capital assets – Consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the District's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

F. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Notes to Basic Financial Statements

G. Use of Estimates

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

(2) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District will not be able to recover the collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) are as follows:

Bank balances	<u>\$ 3,620,391</u>
Deposits are secured as follows:	
Insured deposits	\$ 500,000
Collateral held by the pledging bank's trust department or agent	<u>3,120,391</u>
Total	<u>\$ 3,620,391</u>

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Notes to Basic Financial Statements

(3) Accounts Receivables

Accounts receivable consist of the following:

Accounts receivable	\$ 169,002
Unbilled water	45,601
	<u>214,603</u>
Less allowance for doubtful accounts	(70,727)
Total	<u>\$ 143,876</u>

The aging of the accounts receivable is as follows:

Current	\$ 90,875
31 - 60 days	6,268
61 - 90 days	1,374
Over 90 days	70,485
Total	<u>\$ 169,002</u>

(4) Restricted Assets

Restricted assets consisted of the following:

Revenue bond sinking account	\$ 105,773
Revenue bond reserve account	99,879
Revenue bond contingency account	32,866
Revenue bond short lived asset account	322,364
Water sector program account	1,356,136
Customer deposits	34,450
Total restricted assets	<u>\$ 1,951,468</u>

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Notes to Basic Financial Statements

(5) Capital Assets

Capital asset activity was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 17,477	\$ -	\$ -	\$ 17,477
Construction in process	-	247,327	-	247,327
Capital assets being depreciated:				
Buildings	182,215	-	-	182,215
Equipment	117,314	51,081	32,902	135,493
Utility system improvements	10,149,770	-	129,536	10,020,234
Total capital assets	<u>10,466,776</u>	<u>298,408</u>	<u>162,438</u>	<u>10,602,746</u>
Less accumulated depreciation	<u>4,285,028</u>	<u>268,577</u>	<u>148,301</u>	<u>4,405,304</u>
Capital assets, net	<u>\$6,181,748</u>	<u>\$ 29,831</u>	<u>\$ 14,137</u>	<u>\$6,197,442</u>

Total depreciation expense for the year was \$268,577.

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Notes to Basic Financial Statements

(6) Long-Term Debt

The following changes occurred in long-term debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Direct Placement Revenue bonds	<u>\$ 4,270,388</u>	<u>\$ 1,530,000</u>	<u>\$ (124,926)</u>	<u>\$ 5,675,462</u>

Long-term debt payable is composed of the following issues:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>	<u>Due Within One Year</u>
Direct Placement Revenue Bonds					
Water Revenue Bonds Series 1995	5/12/1995	3/1/2035	4.50%	\$ 325,846	\$ 25,573
Water Revenue Bonds Series 1995	5/12/1995	3/1/2035	4.50%	33,103	2,584
Water Revenue Bonds Series 1998	3/16/1998	3/1/2038	4.88%	184,874	9,847
Water Revenue Bonds Series 2007	7/20/2007	7/1/2047	4.25%	2,069,391	55,938
Water Revenue Bonds Series 2007	7/20/2007	7/1/2047	4.25%	176,803	4,718
Water Revenue Bonds Series 2013	8/14/2013	7/1/2053	2.75%	1,355,445	31,691
Water Revenue Bonds Series 2024	5/30/2024	3/1/2039	6.00%	1,148,000	39,000
Water Revenue Bonds Series 2024	5/30/2024	3/1/2034	3.00%	<u>382,000</u>	<u>34,000</u>
Total				<u>\$ 5,675,462</u>	<u>\$ 203,351</u>

The District agrees that failure of any individual, partnership or corporation to pay User Fees within 15 days of the date on which it is due shall incur a delinquent fee of 10% of the amount of the charge. The User Fees and delinquent charges shall, after 10 days from the date of delinquency, bear interest at a rate of at least six per centum (6%) per annum. If such charges are not paid within 15 days from the date on which the User Fees became delinquent, the District will shut off water service and charge a reasonable reconnection charge to resume services.

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Notes to Basic Financial Statements

In the event that the Water Revenue Bonds are in default, the bonding agency has the right to compel the performance of all duties, including the fixing, charging, and collecting of rentals, fees or other charges for the use of the System. The Bond owner may also appoint an agent to take possession of the System to hold, operate, maintain, manage and control the System in the name of the System. This agent shall collect and receive all fees, rentals, and other revenues, maintain and operate the System in a manner to compensate the bond issuer for the amount owed, until the bond is repaid in full.

The annual requirements to amortize all debt outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 203,351	\$ 234,201	\$ 437,552
2026	216,647	225,319	441,966
2027	225,164	215,915	441,079
2028	233,916	206,129	440,045
2029	242,907	195,953	438,860
2030 to 2034	1,366,642	811,602	2,178,244
2035 to 2039	1,410,522	492,199	1,902,721
2040 to 2044	877,903	239,673	1,117,576
2045 to 2049	666,305	74,210	740,515
2050 to 2053	<u>232,105</u>	<u>11,807</u>	<u>243,912</u>
Total	<u>\$ 5,675,462</u>	<u>\$ 2,707,008</u>	<u>\$ 8,382,470</u>

(7) Flow of Funds; Restrictions on Use - Utility Revenues

The District covenants to fix, establish, maintain, and collect rates and fees, rents, or other charges for the services and facilities to be rendered by the District, irrespective of the user thereof, together with such other lawfully available funds to be used by the District for such purposes, in such year sufficient to pay (i) the necessary expenses of administering, operating, and maintaining the District in such year, (ii) the principal and interest maturing on the Bonds and the Outstanding Bonds in such year, (iii) all sinking funds or other payments required for such year and (iv) all other obligations and indebtedness payable out of the income and revenues of the District during such year, and which will in any event provide revenues in each year, after paying all reasonable and necessary expenses of administering, operating and maintaining the District in such year, at least equal to 120% of the largest amount of principal and interest maturing on the Outstanding Bonds, the Bonds and any Additional Parity Bonds in any future fiscal year.

Under the terms of the various bond indentures on outstanding Water Revenue Bonds, all income and revenue of every nature, earned or derived from operations of the District are pledged and dedicated to the retirement of said bonds and are to be deposited in funds in the following order of priority and for the following express purposes:

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Notes to Basic Financial Statements

All revenue must be deposited into a “Water Revenue Fund” to be first used for the payment of all reasonable and necessary expenses of operating and maintaining the System.

Waterworks Revenue Bond and Interest Sinking Fund - An amount sufficient to accumulate the amount needed to assure the prompt payment of the principal and interest installments as they become due is required to be set aside into this fund and may be used only for such purpose.

Waterworks Reserve Fund – In accordance with the 1995 through 2013 water revenue bonds, the District is required to set aside \$1,191 monthly until \$285,890 has been accumulated. In accordance with the 2024 water revenue bonds, the District is required to set aside a sum at least equal to 5% of the amount to be paid into the Sinking Fund (rounded up to the nearest dollar) until such time as there has been accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any year on the Outstanding Parity Bonds and the Bonds payable from the Sinking Fund.

Waterworks Depreciation and Contingency Fund - The District is required to deposit \$1,191 monthly until \$285,890 has been accumulated in the Waterworks Reserve Fund, then deposits increase to \$2,383 monthly.

Waterworks Short-lived Assets Fund- The District is required to deposit \$6,303 per month into this fund. Monies in this fund shall be used to pay for the maintenance and replacement of short-lived assets of the system.

All the revenues received in any fiscal year and that are not required to be paid into any of the above noted funds in such fiscal year shall be regarded as surplus and may be used for any lawful purpose.

All required transfers were made for the year ended December 31, 2024.

(8) Retirement Commitments

All full-time employees participate in a SEP-IRA defined contribution plan after six months of service. The District contributes 7.5 percent of each participant’s gross pay. All amounts are vested immediately, and the plan does not allow employee contributions. Total contributions were \$16,259.

(9) Risk Management

The District is exposed to risks of loss in the areas of general liability, property hazards and worker’s compensation. All these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance during the year. The District has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Notes to Basic Financial Statements

(10) Pending Litigation

The District is subject to various lawsuits and claims, many of which arise in the normal course of business. Although their outcome is not presently determinable, it is the opinion of legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

(11) Compensation of Board Members

The following is a list of the commissioners and compensation paid.

<u>Commissioner</u>	<u>Term expiration date</u>	<u>Compensation</u>
Clint Dugas 417 Trahan Street, Abbeville, LA 70510 (337) 892-1072	April 19, 2025	\$ 975
Sandra C Richard 417 Trahan Street, Abbeville, LA 70510 (337) 892-1072	March 7, 2026	600
Kelly Richard 417 Trahan Street, Abbeville, LA 70510 (337) 892-1072	February 5, 2030	975
Susan Wilhelm 417 Trahan Street, Abbeville, LA 70510 (337) 892-1072	May 8, 2028	750
Roland Brailey 417 Trahan Street, Abbeville, LA 70510 (337) 892-1072	August 4, 2028	750
Shelby Bernard 417 Trahan Street, Abbeville, LA 70510 (337) 892-1072	March 2, 2025	<u>900</u>
		<u>\$ 4,950</u>

Clint Dugas serves as the Board Chairman. No compensation benefits, or other payments, have been made to him beyond those listed above.

OTHER INFORMATION

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Schedule of Number of Utility Customers and Water Rates
December 31, 2024

Records maintained by the Southeast Waterworks District Number 2 indicated the following number of customers were being serviced during the month of December 31, 2024:

Residential	2,219
Commercial	<u>75</u>
	<u><u>2,294</u></u>

The water rates of the District are as follows:

Residential rates:

\$19.50 per month for the first 2,000 gallons, then
\$ 7.25 per 1,000 gallons over 2,000 gallons

Commercial rates:

\$54.50 per month for the first 5,000 gallons, then
\$ 9.25 per 1,000 gallons over 5,000 gallons

Penalty for paying water bill after due date:

Additional ten percent (10%) of total water charge

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Schedule of Insurance in Force
December 31, 2024

Coverage Provided For	Limits of Coverage (in dollars)	Expiration Date
Workers Compensation	Statutory	07/01/25
Employee Fidelity Bond		10/03/26
Board President	\$ 310,000	
Vice-President	\$ 310,000	
Secretary	\$ 310,000	
Office Manager	\$ 310,000	
Plant Manager	\$ 310,000	
Office Secretary	\$ 310,000	
Automobile Liability (Each Accident)	\$ 1,000,000	07/01/25
General Premises Liability		07/01/25
Each Occurrence	\$ 1,000,000	
General Aggregate	\$ 3,000,000	
Blanket Building and Contents	\$ 1,574,820	07/01/25
Commercial Flood Coverage		05/26/25
Buildings	\$ 441,000	
Contents	\$ 500,000	

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Comparative Statements of Net Position
December 31, 2024 and 2023

ASSETS	2024	2023
Current assets:		
Cash and cash equivalents	\$ 454,202	\$ 895,382
Interest-bearing deposits	1,210,808	527,366
Accounts receivable, net of allowance for uncollectibles	143,876	135,333
Accrued interest receivable	695	695
Prepaid expenses	11,215	11,215
Total current assets	<u>1,820,796</u>	<u>1,569,991</u>
Restricted assets		
Revenue bond sinking account	105,773	33,920
Revenue bond reserve account	99,879	94,295
Revenue bond contingency account	32,866	47,497
Revenue bond short lived asset account	322,364	289,855
Revenue bond short lived asset investment	-	34,789
Water sector program account	1,356,136	-
Customer deposits	34,450	33,150
Total restricted assets	<u>1,951,468</u>	<u>533,506</u>
Capital assets, net	<u>6,197,442</u>	<u>6,181,748</u>
Easements	<u>10,760</u>	<u>10,760</u>
Total assets	<u>9,980,466</u>	<u>8,296,005</u>
LIABILITIES		
Current liabilities (payable from current assets):		
Accounts payable	75,771	10,565
Accrued liabilities	6,734	6,430
Other Liabilities	6,417	6,417
Total current liabilities (payable from current assets)	<u>88,922</u>	<u>23,412</u>
Current liabilities (payable from restricted assets):		
Customer deposits	34,450	33,150
Accrued interest on bonds	35,071	8,475
Current portion of long term debt	203,351	125,295
Total current liabilities (payable from restricted assets)	<u>272,872</u>	<u>166,920</u>
Total current liabilities	<u>361,794</u>	<u>190,332</u>
Noncurrent liabilities:		
Revenue bonds payable	5,472,111	4,145,093
Total liabilities	<u>5,833,905</u>	<u>4,335,425</u>
NET POSITION		
Net investment in capital assets	2,081,467	2,036,655
Restricted for equipment acquisition	1,711,366	372,141
Unrestricted	353,728	1,551,784
Total net position	<u>\$ 4,146,561</u>	<u>\$ 3,960,580</u>

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Comparative Statements of Revenues, Expenses and Changes in Net Position
December 31, 2024 and 2023

	2024	2023
Operating revenues:		
Charges for services -		
Water sales	\$ 1,164,314	\$ 1,176,743
Penalties	23,033	22,238
Reconnection fees	13,700	15,400
Meter fees	21,906	21,230
Miscellaneous income	3,917	9,904
Total operating revenues	<u>1,226,870</u>	<u>1,245,515</u>
Operating expenses:		
Salaries	227,721	216,572
Payroll taxes	16,254	15,500
Group and life insurance	53,941	49,805
Retirement	16,259	15,646
Insurance	37,811	35,537
Supplies	15,534	17,642
Telephone and utilities	47,379	49,720
Chemicals	59,296	76,537
Meter installation and reading	18,380	17,500
Depreciation	268,577	281,137
Professional fees	17,445	15,495
Maintenance and repairs	54,117	50,129
Automobile expense	16,825	15,388
Printing, postage and publications	15,766	13,974
Bank charges	1,432	1,430
Other	24,446	26,236
Total operating expenses	<u>891,183</u>	<u>898,248</u>
Operating income	<u>335,687</u>	<u>347,267</u>
Nonoperating revenues (expenses):		
Interest income	61,480	40,345
Intergovernmental income	-	7,850
Loss on disposal of assets	(3,317)	-
Interest expense	(207,869)	(175,640)
Total nonoperating revenues (expenses)	<u>(149,706)</u>	<u>(127,445)</u>
Change in net position	185,981	219,822
Net position, beginning	<u>3,960,580</u>	<u>3,740,758</u>
Net position, ending	<u>\$ 4,146,561</u>	<u>\$ 3,960,580</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel
C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022
Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.
Ville Platte, LA 70586 Baton Rouge, LA 70816
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KSRCPAS.COM

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

Board of Commissioners
Southeast Waterworks District
Number 2
Abbeville, Louisiana

We have audited, 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, the financial statements of the business-type activities of Southeast Waterworks District Number 2 (District), a component unit of the Vermilion 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 District's basic financial statements and have issued our report thereon dated April 30, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 current and prior year audit findings and management's corrective action plan as items 2024-001 and 2024-002, which we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2024-003.

District's Response to Finding

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
April 30, 2025

SOUTHEAST WATERWORKS DISTRICT NUMBER 2
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2024

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2024-001 Inadequate Segregation of Accounting Functions

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

CRITERIA: Committee of Sponsoring Organizations (COSO) *Internal Control Integrated Framework* and the Louisiana Legislative Auditor's *Government Auditing Guide*.

CAUSE: The District does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

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

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Board of Commissioners concurs with the audit finding. Due to size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are given to segregate duties where feasible. In an effort to establish more sound controls the Board of Commissioners monitors activity and balances in all fund accounts.

SOUTHEAST WATERWORKS DISTRICT NO. 2
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2024

2024-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statement, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receive annual training related to their job duties. Additionally, we carefully review the financial statements, related noted and all proposed journal entries. All questions are adequately answered by our Auditors to allow us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk cause by this finding.

SOUTHEAST WATERWORKS DISTRICT NO. 2
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2024

B. Compliance

2024-003 Debt Covenant Noncompliance

CONDITION: The District did not issue delinquent charges or follow shut off procedures in accordance with Series 2024 bond.

CRITERIA: Section 9 of the bond covenants state the District shall issue a delinquent charge on user fees not paid within 15 days following the billing due date. Additionally, the District shall shut off water services to users who do not pay the user fees and delinquent charges within 15 days from the date on which their account becomes delinquent. If services are discontinued, the District shall, in addition to charging delinquent fees, penalties, and interest, charge a reasonable reconnection fee.

CAUSE: The District failed to issue delinquent charges and follow shut off procedures during the fiscal year.

EFFECT: The District did not comply with the provisions of the debt covenants.

RECOMMENDATION: The District should implement procedures to ensure all required fees, penalties, and interest are charged properly and shut off procedures are followed in compliance with debt covenants.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management has conducted a thorough review of the District's rate and fee policies and enforcement procedures. As a corrective measure, the District adopted an updated water rate and fee schedule that includes appropriate delinquent charges and reconnect/disconnect fees consistent with the requirements outlined in the bond covenants. Additionally, the District's disconnection policy has been revised to ensure that services are disconnected in a timely manner – within 30 days of non-payment. Management believes these corrective actions will bring the District into compliance with its debt covenants.

SOUTHEAST WATERWORKS DISTRICT NO. 2
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2024

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2023-001 Inadequate Segregation of Accounting Functions

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

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2024-001.

2023-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2024-002

B. Compliance

There were no compliance findings to the report.

Commissioners

Clint Dugas----- Chairman
Shelby Bernard- Vice-Chairman
Kelly Richard-----Secretary
Susan Wilhelm-----Member
Sandra Richard- Member
Roland Brailey----- Member

**Southeast Waterworks District No. 2
of Vermilion Parish**
417 Trahan Street
Abbeville, Louisiana 70510-8433
www.seww2.com



James Brasseaux
Plant Manager

Susan L Lemaire
Office Manager

April 30, 2025

The Southeast Waterworks District No. 2 respectfully submits the following corrective action plan for the year ended December 31, 2024.

Audit conducted by:

Kolder, Slaven & Company, LLC
200 South Main Street
Abbeville, LA 70510

Audit Period: Fiscal year ended December 31, 2024.

The findings from the December 31, 2024 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL AUDIT

Significant Deficiency

2024-001 Inadequate Segregation of Accounting Functions

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; (4) reconciliation.

CORRECTIVE ACTION PLAN: The Board of Commissioners concurs with the audit finding. Due to size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are given to segregation of duties where feasible. In an effort to establish more sound controls the Board of Commissioners monitors activity and balances in all fund accounts.

2024-002 Application of Generally Accepted Accounting Principles (GAAP)

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

Phone: 337-892-1072

Quality on Tap!!



Fax: 337-892-1036

“This institution is an equal opportunity provider and employer.”

CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receive annual training related to their job duties. Additionally, we carefully review the financial statements, related notes and all proposed journal entries. All questions are adequately answered by our Auditors to allow us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

2024-003 Debt Covenant Noncompliance

RECOMMENDATION: The District should implement procedures to ensure all required fees, penalties, and interest are charged properly and shut off procedures are followed in compliance with debt covenants.

CORRECTIVE ACTION PLAN: Management has conducted a thorough review of the District's rate and fee policies and enforcement procedures. As a corrective measure, the District adopted an updated water rate and fee schedule that includes appropriate delinquent charges and reconnect/disconnect fees consistent with the requirements outlined in the bond covenants. Additionally, the District's disconnection policy has been revised to ensure that services are disconnected in a timely manner -- within 30 days of non-payment. Management believes these corrective actions will bring the District into compliance with its debt covenants.

The findings from the December 31, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered and consistent with the numbers assigned in the schedule. Southeast Waterworks District No. 2 respectfully submits the following corrective action plan for the year ended December 31, 2023.

FINDINGS – FINANCIAL AUDIT

Significant Deficiency

2023-001 Inadequate Segregation of Accounting Functions

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; (4) reconciliation.

CORRECTIVE ACTION PLAN: The Board of Commissioners concurs with the audit finding. Due to size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are given to segregation of duties where feasible. In an effort to establish more sound controls the Board of Commissioners monitors activity and balances in all fund accounts.

2023-002

Application of Generally Accepted Accounting Principles (GAAP)

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receive annual training related to their job duties. Additionally, we carefully review the financial statements, related notes and all proposed journal entries. All questions are adequately answered by our Auditors to allow us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

If there are questions regarding this plan, please call Susan Lemaire, Office Manager at 337-892-1072.

Sincerely,

A handwritten signature in blue ink that reads "Susan Lemaire". The signature is fluid and cursive, with a small mark above the 'i' in Lemaire.

Susan Lemaire
Office Manager

Southeast Waterworks District No. 2

Vermilion Parish, Louisiana

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2024 through December 31, 2024

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel
C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022
Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.
Ville Platte, LA 70586 Baton Rouge, LA 70816
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KCSRCPAS.COM

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Southeast Waterworks District No. 2
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. Southeast Waterworks District No. 2 (the District) management is responsible for those C/C areas identified in the SAUPs.

The 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:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards)**, 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).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **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.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) 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.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) 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 that the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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
 - a) Employees responsible for cash collections do not share cash drawers/registers;
 - b) 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;
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. 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.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedures #3 (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under procedure #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e) 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and
 - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, 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.

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

12. 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.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (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
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g. each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

15. 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:
 - a) 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);
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - c) 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 #1g); and
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- c) If the contract was amended (e.g., change order), observe 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
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

17. 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.
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.);
 - b) Observe whether supervisors approved the attendance and leave of the selected employees/officials;
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
19. 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 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.
20. 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.

Ethics

21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 obtain ethics documentation from management, and:
 - a) 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
 - b) 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.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Debt Service

23. 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.
24. 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).

Fraud Notice

25. 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.
26. 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.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if 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.
 - b) 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.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.
29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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:
 - a) Hired before June 9, 2020 – completed the training; and
 - b) Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment

Prevention of Sexual Harassment

30. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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.
31. 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).
32. 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:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Exceptions:

Written Policies & Procedures:

No exceptions noted as a result of procedures performed.

Board or Finance Committee:

Exempt from procedures.

Bank Reconciliations:

Exempt from procedures.

Collections (excluding electronic fund transfers):

Employees responsible for collecting cash share a register/drawer.

Employees responsible for collecting cash are responsible for preparing/making bank deposits.

Employees responsible for collecting cash are responsible for posting collection entries to the general ledger or subsidiary ledger.

Employees responsible for collecting cash are responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers.

One of five deposits selected was not deposited within one business day of collection.

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

Exempt from procedures.

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

For one of five cards selected for testing, supporting documents were not signed by someone other than the authorized cardholder.

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

Exempt from procedures.

Contracts:

Exempt from procedures.

Payroll & Personnel:

Exempt from procedures.

Ethics:

Exempt from procedures.

Debt Service:

Exempt from procedures.

Fraud Notice:

Exempt from procedures.

Information Technology Disaster Recovery/Business Continuity:

Exempt from procedures.

Prevention of Sexual Harassment:

Exempt from procedures.

Management's Response:

Management agrees with the exceptions noted in the report and is working to correct the items identified.

We were engaged by the 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 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
April 30, 2025