

SHONGALOO WATER SYSTEM, INC.

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2024

SHONGALOO WATER SYSTEM, INC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Shongaloo Water System, Inc.
Shongaloo, Louisiana

Opinion

We have audited the accompanying financial statements of Shongaloo Water System, Inc. which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shongaloo Water System, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Shongaloo Water System, Inc. 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Shongaloo Water System, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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 Shongaloo Water System, Inc.'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 Shongaloo Water System, Inc.'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 planning scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 September 18, 2026, on our consideration of Shongaloo Water System, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Judy Moncrief CPA LLC
Shreveport, Louisiana
September 18, 2026

SHONGALOO WATER SYSTEM, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDING DECEMBER 31, 2024

ASSETS

Current Assets:

Cash (Note 2)	\$ 522
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Accounts Receivable (Note 3)	1,004,381
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Total Current Assets	1,004,903
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Construction in Progress (Note 4)	1,969,378
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Total Assets	\$ 2,974,281
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable (Note 5)	\$ 1,004,381
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Total Current Liabilities	1,004,381
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Net Assets

Net Assets Without Donor Restrictions	1,969,900
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Total Net Assets	1,969,900
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Total Liabilities and Net Assets	2,974,281
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The accompanying notes are an integral part of these financial statements.

SHONGALOO WATER SYSTEM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31, 2024

OPERATING EXPENSES

Office and Bank Charges	\$ 108
Total Operating Expenses	108
Operating Income (Loss)	(108)

NONOPERATING REVENUES

Contribution from Shongaloo Water System, Inc.	500
Grant - Water Sector Program	1,673,378
Total Nonoperating Revenues	1,673,878
Increase in Net Assets Without Donor Restrictions	1,673,770
Net Assets, Beginning of Year	296,130
Net Assets, End of Year	1,969,900

The accompanying notes are an integral part of these financial statements.

SHONGALOO WATER SYSTEM, INC.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDING DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,673,270
Adjustments to Reconcile Change in Net Assets to	
Net Cash from Operating Activities	
(Increase) Decrease in Accounts Receivable	(708,381)
Increase (Decrease) in Accounts Payable	<u>708,381</u>
Net Cash Provided by Operating Activities	1,673,270

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Construction in Progress	<u>(1,673,378)</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,673,378)</u>

CASH FLOW FROM INVESTING FINANCING ACTIVITIES

Contributions from Shongaloo Water System, Inc.	<u>500</u>
Net Cash Provided (Used) by Investing Activities	<u>500</u>
Net Increase (Decrease) in Cash and Cash Equivalents	392
Cash and Cash Equivalents, Beginning of Year	<u>130</u>
Cash and Cash Equivalents, End of Year	<u><u>522</u></u>

The accompanying notes are an integral part of these financial statements.

SHONGALOO WATER SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2024

INTRODUCTION

The Shongaloo Water System, Inc. (System) was organized on July 30, 1969. The System provides water to residents of Shongaloo, Louisiana. The board of directors consists of seven members. All members' terms run through January 2028. The System serves approximately 478 active customers. The system currently operates with three wells. In April, 2023, the System entered into a cooperative endeavor agreement with the State of Louisiana to receive Water Sector Program funding of up to \$10,420,000 for the purpose of consolidating 3 water systems.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Method of accounting

The accompanying financial statements of the System are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

B. Financial statement presentation

The System has adopted FASB Accounting Standard Codification 958-205 "Not for Profit Organizations." Under FASB ASC 958-205, the System is required to report information on its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the System is required to present a statement of cash flows.

The financial statements include only information pertaining to the public funds received through the Water Sector Program and not the Water System as a whole.

C. Cash and cash equivalents

Cash and cash equivalents include amounts in time deposits and those investments with original maturities of 180 days or less. For purposes of the statement of cash flows, cash includes amounts in demand deposits, interest-bearing deposits, and money market accounts.

D. Receivables

Receivables consist of all revenue earned at year-end and not yet received. Major receivable balances for the System are related to grant funding through the Water Sector Program. As of December 31, 2024, all receivables were expected to be collected; therefore, there was no allowance for doubtful accounts.

These notes are an integral part of the accompanying financial statements.

SHONGALOO WATER SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Property and equipment

Buildings, water system distribution lines, improvements, and equipment are valued at cost if purchased or fair market value if donated. It is the policy of the System to capitalize expenditures for items of \$1,000 or more. Major outlays for equipment and water system improvements are capitalized as projects are constructed.

The costs of nominal maintenance and repairs that do not add to the value of fixed assets or materially extend useful lives are not capitalized.

All capital asset, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Water distribution system and wells	25 – 40 Years
Buildings and improvements	40 Years
Land improvements	10 – 40 Years
Machinery and equipment	5 – 10 Years

F. Estimates

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

G. Classification of Net Assets

Classification of Net Assets

Net assets of the Corporation are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Corporation. Certain restrictions may need to be maintained in perpetuity.

These notes are an integral part of the accompanying financial statements.

SHONGALOO WATER SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

All net assets of the Corporation at December 31, 2024 were considered to be net assets without donor restrictions.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2024, the System had \$522 in bank deposits, with a book balance of \$522. These deposits were secured by FDIC insurance.

NOTE 3. ACCOUNTS RECEIVABLE

As of December 31, 2024, the System recognized \$1,004,381 in receivables from Water Sector Program grant.

NOTE 4. PROPERTY AND EQUIPMENT

Capital assets and depreciation activity as of and for the year ended December 31, 2024 for the System is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated	296,000	1,673,378		1,969,378

NOTE 5. ACCOUNTS AND OTHER PAYABLES

The System had accounts payables of \$1,004,381 to construction contractors at December 31, 2024.

NOTE 6. CONTINGENT LIABILITIES

At December 31, 2024, there was no litigation pending against the System.

NOTE 7. CONCENTRATIONS

The System's grant revenues and receivables are derived primarily from a Water Sector Program grant award with the State of Louisiana.

NOTE 8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 18, 2026. This date represents the date the financial statements were available to be issued.

These notes are an integral part of the accompanying financial statements.

SUPPLEMENTAL SCHEDULES

SHONGALOO WATER SYSTEM, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDING DECEMBER 31, 2024

Agency Head: John Stanley, President

Total Salary and Other Benefits \$ -0-

SHONGALOO WATER SYSTEM, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING DECEMBER 31, 2024

	Federal Assistance Listing Number	Pass- Through Grantor's Number	Through to Sub- recipients	Expenditures
<u>U.S. Department of Treasury</u>				
Direct Program:				
Covid 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown		<u>\$ 1,673,378</u>

OTHER REPORTS

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

Board of Directors
Shongaloo Water System, Inc.
Shongaloo, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Shongaloo Water System, Inc. ("Corporation") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 18, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Judy Moncrief CPA LLC
Shreveport, Louisiana
September 18, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Directors
Shongaloo Water System, Inc.
Shongaloo, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Shongaloo Water System, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Shongaloo Water System, Inc.'s major federal programs for the year ended December 31, 2024. Shongaloo Water System, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Shongaloo Water System, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Shongaloo Water System, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Shongaloo Water System, Inc.'s compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
UNIFORM GUIDANCE**

- Continued -

Opinion on Each Major Federal Program

In our opinion, Shongaloo Water System, Inc. (a nonprofit corporation) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ALN 21.027 Covid-19 Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2024.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Item 2024-001. My opinion on each major federal program is not modified with respect to these matters.

Shongaloo Water System, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Shongaloo Water System, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Shongaloo Water System, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Shongaloo Water System, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Shongaloo Water System, Inc.'s internal control over compliance.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE
- Continued -**

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Judy Moncrief CPA LLC
Shreveport, Louisiana
September 18, 2026

SHONGALOO WATER SYSTEM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2024

A. Summary of Audit ResultsFinancial Statements

Type of Audit Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material Weaknesses Identified:	No
Significant Deficiencies Identified:	No
Noncompliance Material to Financial Statements Noted:	Yes

Federal Awards

Type of Audit Report Issued on Compliance For Major Federal Programs:	Unmodified
Internal Control Over Major Programs:	
Material Weaknesses Identified:	No
Significant Deficiencies Identified:	No
Noncompliance Material to Financial Statements Noted:	No
Any Audit Findings Disclosed that are Required to Be Reported in Accordance with 2 CFR Section 200.516(a):	No
Identification of Major Federal Programs:	
Covid-19 Coronavirus State and Local Fiscal Recovery Funds	ALN 21.027
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
Auditee Qualified as Low Risk:	No

B. Findings – Financial Statements Audit:**2024-001 Late Submission of Audit Report**

Condition: The Corporation did not submit its review report by the required due date of June 30, 2025.

SHONGALOO WATER SYSTEM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2024
Continued

2024-001 Late Submission of Audit Report - Continued

Criteria: The Louisiana Legislative Auditor requires reports to be submitted by the end of the sixth month following the fiscal year end.

Cause: Auditing the financial statements was delayed due to additional information needed that was provided after the due date.

Effect: Noncompliance with the Louisiana Legislative Auditor's requirements regarding report submission.

Recommendation: The Corporation should ensure that reports are submitted timely for future years.

Management Response: Management agrees with the finding and is making efforts to file the annual report by the required due date.

**SHONGALOO WATER SYSTEM, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDING DECEMBER 31, 2024**

There were no findings for the prior year ended December 31, 2023.

**SHONGALOO WATER SYSTEM, INC.
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDING DECEMBER 31, 2024**

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Findings – Financial Statement Audit

2024-001 Late Submission of Audit Report

Recommendation: The Corporation should ensure that reports are submitted timely for future years.

Planned Corrective Actions: Management agrees with the finding and is make efforts to file the annual report by the required due date.

If additional information is needed, please contact John Stanley at (318-846-2515).

Sincerely,

Shongaloo Water System, Inc.
Jason Talley, President

JUDY MONCRIEF CPA LLC

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Shreveport, Louisiana 71106-2069

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Shongaloo Water System, Inc. (Corporation) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. The Corporation's management is responsible for those *CIC* areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Agency's management.

The Agency provided us with the following list of expenditures made for federal grant awards received during the fiscal year ended December 31, 2024:

Federal, State, or Local Grant Name	Grant Year	AL No. (if applicable)	Amount
Covid – 19 – Coronavirus State and Local Fiscal Recovery Funds – Water Sector Program	2024		1,673,378
Total Expenditures			1,673,378

The Agency represented that they received no state or local government grant awards during the fiscal year ended December 31, 2024.

2. For each federal, state, and local grant award, randomly select six disbursements from each grant administered during the fiscal year, provided that no more than 30 disbursements are selected.

Each of the selected disbursements agreed to the amount and payee in the supporting documentation.

3. Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agree to the amount and payee in the supporting documentation.

All of the disbursements were coded to the correct account.

4. Report on whether the selected disbursements were approved in accordance with the Agency's policies and procedures.

The Corporation procedures indicates that the president must approve the disbursements. Inspection of selected disbursements indicate approval from president.

5. For each selected disbursement made for federal grant awards, obtain the *Compliance Supplement* for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the *Compliance Supplement*, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

Activities allowed or unallowed

We compared documentation for each of the selected disbursements with program compliance requirements related to services allowed or not allowed. No exceptions were noted.

Eligibility

We compared documentation for each of the selected disbursements with program compliance requirements related to eligibility. No exceptions were noted.

Reporting

We compared documentation for each of the selected disbursements with program compliance requirements related to reporting. No exceptions were noted.

6. Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Agency's financial records; and report whether the amounts in the close-out reports agree with the Agency's financial records.

No programs were closed out during the year.

Open Meetings

7. Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions.

Not applicable – entity not subject to open meetings law.

Budget

8. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the agency provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

Management provided budget submit to the Water Sector Program.

State Audit Law

9. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The agency's report was not submitted to the Legislative Auditor before the statutory due date of June 30, 2025.

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

Not applicable – no contracts entered into during the year.

Prior-Year Comments

11. Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

There were no findings required to be reported in the prior year.

We were engaged by the Agency 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 the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the Agency's compliance with the foregoing matters. 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 agency 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 the Agency's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, 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 Louisiana Legislative Auditor as a public document.

Judy Moncrief CPA LLC
Shreveport, Louisiana
September 18, 2026

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-Public Agencies)

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana quasi-public agencies. The completed and signed questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting.

The completed and signed attestation questionnaire and a copy of the adoption instrument, if appropriate, must be given to the independent certified public accountant at the beginning of the engagement. The CPA will, during the course of his/her engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to the Legislative Auditor's office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his/her engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Michael J. Waguespack, CPA
Louisiana Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)
September 18, 2026 (Date Transmitted)
Judy Moncrief CPA LLC
910 Pierremont Road, Suite 311,
Shreveport, LA 71106

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2024, and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐ N/A ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes ☒ No ☐ N/A ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐ N/A ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐ N/A ☐

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "[Open Meeting FAQs](#)," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.

Yes ☐ No ☐ N/A ☒

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐ N/A ☐

Reporting

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

Yes ☒ No ☐ N/A ☐

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

Yes ☒ No ☐ N/A ☐

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

Yes ☒ No ☐ N/A ☐

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes ☐ No ☐ N/A ☒

Prior-Year Comments

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

Yes ☐ No ☐ N/A ☒

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes ☒ No ☐ N/A ☐

We acknowledge that we are responsible for determining that the procedures performed are appropriate for the purposes of this engagement.

Yes ☒ No ☐ N/A ☐

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

Yes ☒ No ☐ N/A ☐

We have provided you with all relevant information and access under the terms of our agreement.

Yes ☒ No ☐ N/A ☐

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

Yes ☒ No ☐ N/A ☐

We are not aware of any material misstatements in the information we have provided to you.

Yes ☒ No ☐ N/A ☐

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes ☒ No ☐ N/A ☐

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes ☒ No ☐ N/A ☐

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

Peggy Suzanne Evers Secretary 9-21-26 Date
Peggy Suzanne Evers Treasurer 9-21-26 Date
Jim Talley President 9-21-26 Date