

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
ANNUAL FINANCIAL REPORTS
JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Landry Waterworks District No. 2 Rural
Sunset, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the St. Landry Waterworks District No. 2 Rural, a component unit of the St. Landry Parish Government, as of and for the years ended June 30, 2025 and 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 St. Landry Waterworks District No. 2 Rural, as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 St. Landry Waterworks District No. 2 Rural 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 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 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.

To the Board of Directors
St. Landry Waterworks District No. 2 Rural

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

Management has omitted the 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Landry Waterworks District No. 2 Rural's basic financial statements. The other supplementary information on pages 19 through 21 and 28 is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, the Schedule of Directors' and Officers' Compensation, and the schedule of expenditures of federal awards, as required

To the Board of Directors
St. Landry Waterworks District No. 2 Rural

by 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Management is responsible for the Schedule of Insurance in Force which has not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 02, 2025, on our consideration of the St. Landry Waterworks District No. 2 Rural'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 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 St. Landry Waterworks District No. 2 Rural's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 02, 2025 on the results of our statewide agreed-upon procedures performed 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. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures; and the results of that testing, and not to provide an opinion on control or compliance.

A handwritten signature in black ink that reads "John S. Darling & Company". The signature is fluid and cursive, with "John S. Darling" on the top line and "& Company" on the line below it.

Opelousas, Louisiana
December 02, 2025

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	2025	2024
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Petty cash	\$ 60	\$ 60
General account - checking	1,539,124	1,565,849
Construction account	-	696
Critical asset account	15,054	-
Revenue account - certificate of deposit	125,812	122,433
LAMP investment	20,756	19,801
Accounts receivable, net	74,982	83,351
Grant receivable	275,266	-
Other receivables	1,064	1,329
<u>Total current assets</u>	<u>2,052,118</u>	<u>1,793,519</u>
<u>RESTRICTED ASSETS</u>		
Depreciation and Contingency Fund		
Savings	103,288	98,677
Certificates of deposit	16,529	16,455
Reserve note fund		
Savings	125,272	120,638
Certificates of deposit	33,848	33,697
Customers' deposits		
Bank of Sunset – checking	83,800	77,750
<u>Total restricted assets</u>	<u>362,737</u>	<u>347,217</u>
<u>PROPERTY, PLANT, AND EQUIPMENT</u>		
Water system	3,435,132	3,426,957
Equipment	56,875	56,875
Autos	33,135	33,135
Buildings/improvements	64,444	67,994
Furniture	7,169	7,169
Software	5,000	5,000
Land improvements	18,500	18,500
	3,620,255	3,615,630
Less: Allowance for depreciation	(2,691,424)	(2,645,628)
Land	17,500	17,500
Construction in progress	1,494,969	142,033
<u>Total property, plant, and equipment</u>	<u>2,441,300</u>	<u>1,129,535</u>
<u>Total assets</u>	<u>4,856,155</u>	<u>3,270,271</u>

Continued on next page.

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2025 AND 2024

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	2025	2024
LIABILITIES		
CURRENT LIABILITIES (from current assets)		
Accounts payable	\$ 14,513	\$ 20,003
Retainage payable	63,511	-
Construction payable	211,755	-
Sales tax payable	41	38
Payroll tax withheld and payable	2,692	3,205
Current portion of long-term debt	49,754	47,634
Total current liabilities	342,266	70,880
CURRENT LIABILITIES (from restricted assets)		
Accrued interest payable	1,294	1,363
Customers' deposits	83,800	77,750
Total restricted liabilities	85,094	79,113
LONG-TERM LIABILITIES		
Revenue bonds	926,091	973,722
Less: Current portion of long-term debt	(49,754)	(47,634)
Total long-term liabilities	876,337	926,088
Total liabilities	1,303,697	1,076,081
NET POSITION		
Net investment in capital assets	2,441,300	1,129,535
Net position - restricted		
Reserve note fund	157,826	152,972
Depreciation fund	119,817	115,132
Net position - unrestricted	833,515	796,551
Total net position	3,552,458	2,194,190
Total liabilities and net position	4,856,155	3,270,271

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	2025	2024
<u>OPERATING REVENUES</u>		
Water sales	\$ 595,456	\$ 620,648
Connection fees	43,920	43,440
Late fees	15,130	16,406
Disconnect notice fees	29,660	28,480
Grant revenue	1,127,028	-
Other revenue	6,038	2,440
<u>Total operating revenues</u>	<u>1,817,232</u>	<u>711,414</u>
<u>OPERATING EXPENSES</u>		
Current		
Supplies		
Water supplies	56,715	43,004
Office supplies	22,150	26,082
Other		
Salaries	103,093	94,205
Payroll taxes	8,239	8,166
Repairs and maintenance	37,114	29,555
Insurance	26,534	22,585
Dues and subscriptions	-	100
Postage	13,558	13,076
Auto and truck	5,949	5,512
Professional fees	11,900	11,000
Telephone	7,888	7,349
Utilities	27,804	29,015
Per diem and travel allowance	8,160	8,220
Janitorial	675	425
Miscellaneous	(4)	887
Meter connection contract fee	28,744	36,585
Louisiana One Call	1,223	1,349
Bad debt expense	3,066	2,469
Depreciation	52,316	51,652
<u>Total operating expenses</u>	<u>415,124</u>	<u>391,236</u>
<u>OPERATING INCOME</u>	<u>1,402,108</u>	<u>320,178</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest revenue	6,380	6,119
Interest expense	(40,440)	(42,472)
Loss on sale of fixed assets	(9,780)	-
<u>Total non-operating revenues (expenses)</u>	<u>(43,840)</u>	<u>(36,353)</u>
<u>CHANGE IN NET POSITION</u>	<u>1,358,268</u>	<u>283,825</u>
<u>NET POSITION, beginning of year</u>	<u>2,194,190</u>	<u>1,910,365</u>
<u>NET POSITION, end of year</u>	<u>3,552,458</u>	<u>2,194,190</u>

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 429,625	\$ 713,255
Cash received from grants	1,127,028	-
Cash paid to suppliers	18,300	(230,145)
Cash paid to employees	(111,845)	(101,598)
<u>Net cash provided by operating activities</u>	<u>1,463,108</u>	<u>381,512</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of property, plant, and equipment	(1,373,861)	(153,642)
Principal paid on bonds	(47,631)	(45,600)
Interest paid on bonds	(40,509)	(42,537)
<u>Net cash used by capital and related financing activities</u>	<u>(1,462,001)</u>	<u>(241,779)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments and savings	6,380	6,119
Interest reinvested in certificates of deposit	(3,604)	(121,073)
<u>Net cash provided (used) by investing activities</u>	<u>2,776</u>	<u>(114,954)</u>
<u>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</u>	<u>3,883</u>	<u>24,779</u>
<u>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year</u>	<u>1,883,471</u>	<u>1,858,692</u>
<u>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year</u>	<u>1,887,354</u>	<u>1,883,471</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income	\$ 1,402,108	\$ 320,178
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	52,316	51,652
Changes in assets and liabilities		
(Increase) decrease in accounts receivable, net	8,369	(396)
(Increase) decrease in grant receivable	(275,266)	-
(Increase) decrease in other receivable	265	(300)
Increase (decrease) in accounts payable	(5,490)	7,068
Increase (decrease) in sales tax payable	3	(13)
Increase (decrease) in customers' deposits	6,050	2,550
Increase (decrease) in retainage payable	63,511	-
Increase (decrease) in construction payable	211,755	-
Increase (decrease) in payroll tax payable	(513)	773
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>1,463,108</u>	<u>381,512</u>

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. SCOPE OF ENTITY

St. Landry Waterworks District No. 2 Rural, a component unit of the St. Landry Parish Government, was created by the St. Landry Parish Police Jury as authorized by Louisiana Revised Statute 33:3814. The ordinance creating this Waterworks District was dated August 14, 1989. The District is governed by a five-member board of commissioners, appointed by the Parish Government, who are authorized to construct, maintain, and improve the waterworks system within the District.

As the governing authority of the parish, for reporting purposes, the St. Landry Parish Government is the financial reporting entity for St. Landry Parish.

The financial reporting entity consists of (a) the primary government (parish 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.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Landry Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish Government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
2. Organizations for which the Parish Government does not appoint a voting majority but are fiscally dependent on the Parish Government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Government appoints a voting majority of the Water District's governing body and the Parish Government has the ability to impose its will on the Water District, the Water District was determined to be a component unit of the St. Landry Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Water District and do not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statements of Net Position display information on all of the non-fiduciary activities of St. Landry Waterworks District No. 2 Rural, as a whole. They include the proprietary fund of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS.

C. FUND ACCOUNTING

The accounts of St. Landry Waterworks District No. 2 Rural are organized in one fund, which is considered a separate accounting entity. The operations of the fund are accounted for by self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. The fund presented in the financial statements is described as follows:

Proprietary Fund

Proprietary funds are used to account for operations that are financed and operated in a manner 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.

D. MEASUREMENT FOCUS AND 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

On the Statements of Net Position, business-type activities are presented using the economic resources measurement focus.

The Proprietary 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

In the Statements of Net Position, business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Unbilled and billed utility receivables are recorded at year-end. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

Purchases of operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year unless material.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principle operating revenues for proprietary funds are charges to customers for sales or services. Principle operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

E. CASH AND INVESTMENTS

Louisiana statutes authorize St. Landry Waterworks District No. 2 Rural to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, the Louisiana Asset Management Pool, or any other federally insured investment.

Investments are recorded at cost, which approximates market.

F. CAPITAL ASSETS

Capital assets (including infrastructure assets), which constitute assets of the Proprietary Fund, are recorded at cost and depreciation is computed under the straight-line method and the modified accelerated cost recovery method. The service lives by type of asset are as follows:

Water system	25-40 years
Equipment	5-10 years
Buildings/improvements	15-30 years
Furniture	7 years
Land improvements	10-15 years
Autos	5 years
Software	5 years

Interest costs during construction are not capitalized.

G. BUDGET ACCOUNTING

St. Landry Waterworks District No. 2 Rural is not required to adopt a budget for its Proprietary Fund.

H. STATEMENT OF CASH FLOWS

For purposes of reporting cash flows, all highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

I. ENCUMBRANCES

St. Landry Waterworks District No. 2 Rural does not employ the encumbrance system of accounting.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. VACATION AND SICK LEAVE

St. Landry Waterworks District No. 2 Rural's employees earn one week of vacation after one year of service. They earn two weeks of vacation after five years of service. Vacation cannot be accumulated. Employees are compensated at their hourly rate when sick.

K. BAD DEBTS

Uncollectible amounts due for customer's utility receivables are recognized as bad debts through the adjustment of allowance account to the balance of individual accounts deemed uncollectible at the end of each fiscal year.

L. 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 and liabilities and disclosures 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 the estimates.

M. EQUITY CLASSIFICATIONS

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position – Consist of net position with constraints 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 provision enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

NOTE (2) – CASH AND INVESTMENTS

The bank balances of cash, including investments, were \$2,062,626 and \$2,056,502 at June 30, 2025 and 2024, respectively and the carrying amounts of cash and investments were \$2,063,543 and \$2,056,056 at June 30, 2025 and 2024, respectively. Of the bank balances, at June 30, 2025 and 2024, cash in excess of the FDIC insurance of \$1,541,870 and \$1,536,701, respectively was adequately covered by securities held by the pledging financial institution. The remaining funds of \$20,756 and \$19,801 at June 30, 2025 and 2024, respectively are invested in the Louisiana Asset Management Pool (LAMP). Cash on hand was \$60 at June 30, 2025 and 2024. Investments consist of time certificates of deposit and direct investment in the Louisiana Asset Management Pool (LAMP). LAMP is currently rated AAAm by Standard & Poor's Rating Services.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Water System's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting balances) must be secured by federal deposit insurance or similar

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE (2) - CASH AND INVESTMENTS - Continued

federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

These securities are held in the name of the Water System or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Investments in certificates of deposit were \$176,189 and \$172,585 at June 30, 2025 and 2024, respectively. The Louisiana Asset Management Pool (LAMP) is a cooperative endeavor designed to create a local government investment vehicle. The cooperative endeavor was created at the initiative of the Louisiana State Treasurer's Office. With investment advice provided by professional investment manager and custody of the assets maintained by a major Louisiana bank, LAMP has been established to improve administrative efficiency and increase investment yield for all depositing members. Investments in LAMP were \$20,756 and \$19,801 at June 30, 2025 and 2024, respectively.

At June 30, 2025 and 2024, \$500,000 and \$500,000 of the bank balance was covered by FDIC insurance and \$1,541,870 and \$1,536,701 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institutions' trust department or agent, but not in the Water System's name. The Water System does not have a policy for custodial credit risk.

NOTE (3) - ACCOUNTS RECEIVABLE

St. Landry Waterworks District No. 2 Rural's accounts receivable consist of uncollected billed and unbilled utility services. An accounts receivable aging schedule is as follows:

Days	<u>JUNE 30, 2025</u>	<u>JUNE 30, 2024</u>
0-30	\$ 23,909	\$ 32,433
31-60	3,282	518
61-90	(4,334)	(5,381)
91 and older - Due	33,601	32,583
Unbilled receivables	<u>54,673</u>	<u>56,281</u>
	111,131	116,434
Allowance for uncollectibles	<u>(36,149)</u>	<u>(33,083)</u>
 <u>Totals</u>	 <u>74,982</u>	 <u>83,351</u>

Breakdown of active customers:

Residential	1,621	1,618
Commercial	14	13
 <u>Totals</u>	 <u>1,635</u>	 <u>1,631</u>

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE (3) - ACCOUNTS RECEIVABLE - Continued

The present water rates are as follows:

Residential monthly billing	
First 2,000 gallons (minimum)	\$ 18.00
Over 2,000 gallons (per 1,000 gallons)	3.00
Commercial monthly billing	
First 2,000 gallons (minimum)	18.00
Over 2,000 gallons (per 1,000 gallons)	3.00

NOTE (4) - RESTRICTED ASSETS

Under the terms of the Loan Resolution Security Agreements with the United States Department of Agriculture, Farmers Home Administration, which is now called Rural Development, all funds received shall be pledged for the purpose of the following funds and shall be set aside into the following separate accounts:

All revenue received shall be set aside in an account to be designated as the General Account. The General Account shall be used to make the monthly debt service payments plus operating and maintenance expenses.

From the remaining funds in the General Account there shall be set aside into an account designated as the Reserve Account the sum of \$367 each month until there is accumulated in that account the sum of \$88,131 after which deposits may be suspended, except to replace withdrawals.

There shall also be set aside into an account designated as a contingency account the sum of \$410 each month until there is accumulated in the Contingency Account the sum of \$98,266. Monthly deposits will then increase to \$570.

The total funds held in each account are as follows:

	<u>2025</u>	<u>2024</u>
Meter Deposits	\$ 83,800	\$ 77,750
Depreciation and contingency	119,817	115,132
Reserve account	<u>159,120</u>	<u>154,335</u>
	<u>362,737</u>	<u>347,217</u>

During the 2025 fiscal year, the Water System made twenty-four payments of \$410 into the Contingency and Reserve Accounts.

During the 2024 fiscal year, the Water System made twenty-four payments of \$410 into the Contingency and Reserve Accounts.

The customers' deposits account represents refundable fifty-dollar deposits collected from homeowners and one hundred-dollar deposits collected from renters requesting service connection. Customers' deposits are deposited in a separate cash account and totaled \$83,800 and \$77,750 at June 30, 2025 and 2024, respectively.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE (5) - CAPITAL ASSETS

The following is a summary of the capital assets of the Proprietary Fund at June 30, 2025:

Description of Property	Life in Years	Basis	Accumulated Depreciation	Net	Depreciation Expense
Non-Depreciable Assets:					
Land		\$ 17,500	\$ -	\$ 17,500	\$ -
Construction in progress		1,494,969	-	1,494,969	-
Depreciable Assets:					
Water system	25-40 years	3,435,132	2,544,731	890,401	41,392
Equipment	5-10 years	56,875	47,037	9,838	2,184
Buildings/ improvements	15-30 years	64,444	49,781	14,663	1,643
Furniture	7 years	7,169	7,169	-	-
Land improvements	10-15 years	18,500	17,825	675	470
Autos	5 years	33,135	19,881	13,254	6,627
Software	5 years	5,000	5,000	-	-
Totals		5,132,724	2,691,424	2,441,300	52,316

The following is a summary of the capital assets of the Proprietary Fund at June 30, 2024:

Description of Property	Life in Years	Basis	Accumulated Depreciation	Net	Depreciation Expense
Non-Depreciable Assets:					
Land		\$ 17,500	\$ -	\$ 17,500	\$ -
Construction in progress		142,033	-	142,033	-
Depreciable Assets:					
Water system	25-40 years	3,426,957	2,503,339	923,618	41,174
Equipment	5-10 years	56,875	44,854	12,021	1,975
Buildings/ improvements	15-30 years	67,994	54,657	13,337	1,375
Furniture	7 years	7,169	7,169	-	16
Land improvements	10-15 years	18,500	17,355	1,145	485
Autos	5 years	33,135	13,254	19,881	6,627
Software	5 years	5,000	5,000	-	-
Totals		3,775,163	2,645,628	1,129,535	51,652

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE (6) - LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions:

	Series R-1	Series 2007	Total
Balance, June 30, 2023	\$ 371,224	\$ 648,098	\$ 1,019,322
Reductions in principal	<u>(28,835)</u>	<u>(16,765)</u>	<u>(45,600)</u>
Balance, June 30, 2024	342,389	631,333	973,722
Reductions in principal	<u>(30,160)</u>	<u>(17,471)</u>	<u>(47,631)</u>
Balance, June 30, 2025	<u>312,229</u>	<u>613,862</u>	<u>926,091</u>

	2025	2024
(1) \$816,000 Water Revenue Bonds Series R-1 due in monthly installments of \$3,746 at an interest rate of 4.50%. The debt will be retired from excess annual water revenues.	\$ 312,229	\$ 342,389
(2) \$835,000 Water Revenue Bonds Series 2007, due in monthly installments of \$3,599 at an interest rate of 4.125%. The debt will be retired from excess annual water revenues.	<u>613,862</u>	<u>631,333</u>
<u>Total bonds payable</u>	<u>926,091</u>	<u>973,722</u>

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE (6) - LONG-TERM OBLIGATIONS – Continued

The annual requirements to amortize revenue bonds are as follows:

Year Ended June 30,	Series R-1	Series 2007	Total
2026	\$ 44,952	\$ 43,186	\$ 88,138
2027	44,952	43,186	88,138
2028	44,952	43,186	88,138
2029	44,952	43,186	88,138
2030	44,952	43,186	88,138
2031-2035	150,313	215,931	366,244
2036-2040	-	215,931	215,931
2041-2045	-	215,931	215,931
2046-2047	-	61,981	61,981
Total principal and interest	375,073	925,704	1,300,777
Less: interest	<u>(62,844)</u>	<u>(311,842)</u>	<u>(374,686)</u>
Balance at June 30, 2025	<u>312,229</u>	<u>613,862</u>	<u>926,091</u>

NOTE (7) - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are made up of the following accounts:

	2025	2024
Petty cash	\$ 60	\$ 60
General account - checking	1,539,124	1,565,849
Critical asset account	15,054	-
Construction account	-	696
LAMP investment	20,756	19,801
Depreciation fund - savings	103,288	98,677
Reserve note fund - savings	125,272	120,638
Customers' deposits - checking	<u>83,800</u>	<u>77,750</u>
	<u>1,887,354</u>	<u>1,883,471</u>

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE (8) - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The St. Landry Waterworks District No. 2 Rural does not provide any post-employment benefits to retirees and therefore is not required to report under GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.

NOTE (9) - CONSTRUCTION IN PROGRESS

The District was awarded a Water Sector Program grant from the State of Louisiana, Division of Administration for \$2,593,482. This grant is being used for the upgrade of the water system. As of June 30, 2025, the District has a total construction in progress of \$1,494,969.

NOTE (10) - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 02, 2025, which is the date the financial statements were available to be issued. In September 2023, the District was awarded a Water Sector Grant from the State of Louisiana, Division of Administration for \$2,593,482. These proceeds are being used to upgrade the water system. As of June 30, 2025, the District has drawn down \$1,127,028. The project is still ongoing and expected to use the entirety of the grant.

SUPPLEMENTARY INFORMATION

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
JUNE 30, 2025

Insurer	Coverage	Coverage Limits	Policy Period	
			From	To
National Union Fire Insurance Co. (Dupre-Carrier-Godchaux)	Commercial General Liability	\$3,000,000	2/8/2025	2/8/2026
National Union Fire Insurance Co. (Dupre-Carrier-Godchaux)	Commercial property	250,000	2/8/2025	2/8/2026
National Union Fire Insurance Co. (Dupre-Carrier-Godchaux)	Crime	Various	2/8/2025	2/8/2026
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond - Robyn Cormier	100,000	2/8/2025	2/8/2026
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond - Samuel Doucet	100,000	2/8/2025	2/8/2026
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond – J. Barney Johnson	100,000	2/8/2025	2/8/2026
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond – Marilyn Broussard	100,000	2/8/2025	2/8/2026
Bridgefield Casualty Insurance Company (Dupre-Carrier-Godchaux)	Worker's Compensation	500,000	5/29/2025	5/29/2026
Farm Bureau Insurance	Commercial General Liability	512,000	9/20/2024	9/20/2025
Farm Bureau Insurance	Automobile - 2022 Ford Pickup F150	300,000	2/9/2025	8/9/2025
Travelers Casualty and Surety Company of America (Dupre-Carrier-Godchaux)	Professional liability policy on board members	1,000,000	10/15/2024	10/15/2027

See independent accountant's audit report.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF DIRECTORS' AND OFFICERS' COMPENSATION
AS OF JUNE 30, 2025

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>	<u>Compensation</u>
Samuel Doucet	1/28	President	\$ 1,380
Francis Henry	1/29	Vice-President	1,380
J. Barney Johnson	1/28	Secretary/ Treasurer	1,320
Carlene Richard	1/27	Board Member	1,320
Cathy Carlisle	1/27	Board Member	1,380

See independent accountant's audit report.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2025

Agency Head Name: Samuel Doucet, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits-insurance	0
Benefits-retirement	0
Benefits	0
Car allowance	0
Vehicle provided by government	0
Per diem	1,380
Reimbursements	731
Travel	2,827
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0

See independent accountant's audit report.

RELATED REPORTS

James L. Nicholson, Jr., CPA
Michael A. Roy, CPA
Lisa Trouille Manuel, CPA
Dana D. Quebedeaux, CPA
Molly Fontenot Duplechain, CPA

Van L. Auld, CPA



JOHN S. DOWLING & COMPANY
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
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John S. Dowling, CPA - 1904-1984
John Newton Stout, CPA - 1936-2005
Chizal S. Fontenot, CPA - 1955-2012
Russell J. Stelly, CPA - 1942 - 2019
Harold Dupre, CPA - 1931-2019

Retired

Dwight Ledoux, CPA - 1998
Joel Lanclos, Jr., CPA - 2003
G. Kenneth Pavay, II, CPA - 2020

**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**

To the Board of Directors
St. Landry Waterworks District No. 2 Rural
Sunset, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of St. Landry Waterworks District No. 2 Rural, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the St. Landry Waterworks District No. 2 Rural's basic financial statements and have issued our report thereon dated December 02, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Landry Waterworks District No. 2 Rural'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 St. Landry Waterworks District No. 2 Rural's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Landry Waterworks District No. 2 Rural's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified one deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a significant deficiency.

To the Board of Directors
St. Landry Waterworks District No. 2 Rural

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Landry Waterworks District No. 2 Rural'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 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

St. Landry Waterworks District No. 2 Rural's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on St. Landry Waterworks District No. 2 Rural's response to the findings identified in our audit and described in the accompanying schedule of finding and responses. The Waterworks District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513 this report is distributed by the Legislative Auditor as a public document.



Opelousas, Louisiana
December 02, 2025

James L. Nicholson, Jr., CPA
Michael A. Roy, CPA
Lisa Trouille Manuel, CPA
Dana D. Quebedeaux, CPA
Molly Fontenot Duplechain, CPA

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

To the Board of Directors
St. Landry Waterworks District No. 2 Rural
Sunset, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited St. Landry Waterworks District No. 2 Rural's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of St. Landry Waterworks District No. 2 Rural's major federal programs for the year ended June 30, 2025. St. Landry Waterworks District No. 2 Rural's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, St. Landry Waterworks District No. 2 Rural complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of St. Landry Waterworks District No. 2 Rural and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of St. Landry Waterworks District No. 2 Rural's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to St. Landry Waterworks District No. 2 Rural's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on St. Landry Waterworks District No. 2 Rural's compliance based on our audit. Reasonable assurance is a high level of

To the Board of Directors
St. Landry Waterworks District No. 2 Rural

assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about St. Landry Waterworks District No. 2 Rural's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 St. Landry Waterworks District No. 2 Rural's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of St. Landry Waterworks District No. 2 Rural's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 St. Landry Waterworks District No. 2 Rural's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Board of Directors
St. Landry Waterworks District No. 2 Rural

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

John S. Darling & Company

Opelousas, Louisiana
December 02, 2025

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass-through Entity Number</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
United States Department of the Treasury - Passed through Louisiana Division of Administration Coronavirus State and Local Fiscal Recovery Funds - Water Sector Program	LAWSP10740	21.027	\$ <u>1,127,028</u>

See independent accountant's audit report.

The accompanying notes are an integral part of this schedule.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE (1) – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity for St. Landry Waterworks District No. 2 Rural under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of St. Landry Waterworks District No. 2 Rural, it is not intended to and does not present the financial position, changes in net assets, or cash flows of St. Landry Waterworks District No. 2 Rural.

NOTE (2) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE (3) – INDIRECT COST RATE

St. Landry Waterworks District No. 2 Rural has elected not to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Section I - SUMMARY OF AUDIT RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on the basic financial statements.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements were reported.
3. No instances of noncompliance relating to the audit of the financial statements were reported.
4. No management letter was issued.
5. No significant deficiencies relating to the audit of the major federal award program were reported.
6. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on the major federal program.
7. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
8. The following program was considered to be a major program:

Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds, Assistance listing number 21.027
9. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
10. The auditee did not qualify as a low-risk auditee.

Section II - 2025 FINDINGS - FINANCIAL STATEMENT AUDIT

Internal Control

2025-001. Inadequate Segregation of Duties within Accounting Functions

Condition

St. Landry Waterworks District No. 2 Rural does not have adequate segregation of duties over receipts.

Criteria

Segregation of conflicting duties within accounting functions is a basic internal control.

Cause

Only one person performs accounting duties for the Waterworks District.

Effect

Inadequate segregation of duties within the accounting functions and it is important that you are aware of this condition because errors or fraud could occur and not be detected.

Recommendation

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

2025-001. Inadequate Segregation of Duties within Accounting Functions (Continued)

Based upon the size of the operation and the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties within the accounting system.

Corrective Action Plan

Management is aware of and has evaluated this inadequacy and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

Section III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

Section I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2024-001 Inadequate Segregation of Duties Within Accounting Functions

Repeat comment.

Section II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable

Section III - MANAGEMENT LETTER

No prior year findings.

James L. Nicholson, Jr., CPA
Michael A. Roy, CPA
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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2025

To the Board of Directors St. Landry Waterworks District No. 2 Rural 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 July 1, 2024 through June 30, 2025. The Entity's management is responsible for those C/C areas identified in the SAUPs.

St. Landry Waterworks District No. 2 Rural 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 July 1, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - I. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
No exceptions noted.
 - II. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
No exceptions noted.
 - III. **Disbursements**, including processing, reviewing, and approving.
No exceptions noted.
 - IV. **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).
No exceptions noted.

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- V. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
No exceptions noted.
- VI. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
No exceptions noted.
- VII. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
No exceptions noted.
- VIII. **Credit Cards (and debit cards, fuel cards, purchase Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
No exceptions noted.
- IX. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
No exceptions noted.
- X. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
No exceptions noted.
- XI. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
No exceptions noted.
- XII. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
No exceptions noted.

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2) Board or Finance Committee

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

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

The board met with a quorum on a monthly basis.
- II. 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 comparisons, at a minimum, on proprietary funds and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.

The District is a proprietary fund and the minutes did not include quarterly budget-to-actual comparisons. However, financial reports are presented to the board on a monthly basis.
- III. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable. The District only has one fund, which is a proprietary fund.
- IV. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

There were no written updates on the progress of resolving audit findings.

4) Collections (excluding electronic funds transfers)

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

Obtained a listing of cash collection locations and management's representation that the listing is complete. The District only has one deposit site.

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

- I. Employees that are responsible for cash collections do not share cash drawers/registers;

The District has two employees collecting cash and one cash register/drawer.

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

The District has one employee who is responsible for collecting cash, preparing/making bank deposits, recording the transaction and reconciling the bank statements.

III. 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

The District does not have a person responsible for posting collection entries to the general ledger that is independent of the cash collections.

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

The District does not have a person reconciling cash collections to the general ledger that is independent of the cash collections.

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

No exceptions noted.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). 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:

I. Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

III. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

IV. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from

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the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

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

No exceptions noted.

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

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

Obtained listing of locations that process payments and management's representation that the listing is complete. The District only has one location that processes payments.

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

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

There is only one employee involved in initiating and making a purchase. However, the board is responsible for approving all purchases.

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

The secretary/bookkeeper is responsible for processing payments to vendors and the board is responsible for approving payments to vendors.

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

The employee responsible for processing payments is not prohibited from adding vendors to the District's system.

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

The secretary/bookkeeper mails payments and is also responsible for processing payments. However, each check requires two signatures, and the board approves all payments.

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

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The board approves all payments including electronic disbursements.

- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - I. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, and
No exceptions noted.
 - II. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
No exceptions noted.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.
No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

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.
We performed the procedure and discussed the results with management.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, 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.
We performed the procedure and discussed the results with management.
- 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.

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We performed the procedure and discussed the results with management.

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

There were no employees terminated during the fiscal year.

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

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

No exceptions noted.

We were engaged by St. Landry Waterworks District No. 2 Rural 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 St. Landry Waterworks District No. 2 Rural and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The 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.



Opelousas, Louisiana
December 02, 2025

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2025

Management's responses to the following agreed-upon procedures exceptions:

Board or Finance Committee

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

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

Management's Response: Management is aware of and has evaluated these exceptions and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

Collections:

B i) Employees responsible for cash collections do not share cash drawers/registers

ii) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

iii) 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.

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

Management's Response: Management is aware of and has evaluated these exceptions and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

Non-Payroll Disbursements:

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

Management's Response: Management is aware of and has evaluated these exceptions and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.