

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

**ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2025**

**Waterworks District No. 2 of Pointe Coupee Parish, LA
105 Gisele Street
New Roads, LA 70760**

Commissioners

**Marvin Losavio, Chairman
Van J. Debetaz
Mark Major
Ronald A. Pourciau
Kelly Rivet**

Meeting Date:

**2nd Monday of Every Month
5:00 PM – Police Jury Office**

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE
NEW ROADS, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025**

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	5-9
Basic Financial Statements:	
Statements of Net Position	11
Statements of Revenues, Expenses, and Changes in Net Position	12
Statements of Cash Flow	13
Notes to Financial Statements	14-22
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	23-24
Schedule of Findings and Responses	25-27
Supplemental Information Required by USDA (unaudited)	29-30
Water Customers and Rates	
Aged Accounts Receivable	
Insurance in Force	
Other Supplemental Information	
Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer	32
Independent Accountants' Report on Applying Statewide Agreed-Upon Procedures	34-42

INDEPENDENT AUDITORS' REPORT

Board of Directors
Waterworks District No. 2 of Pointe Coupee Parish, LA
New Roads, Louisiana

Opinions

We have audited the accompanying financial statements of the business-type activities of Waterworks District No. 2 of Pointe Coupee Parish, LA, (a component unit of the Parish of Pointe Coupee) (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplemental information required by USDA has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Major, Morrison & David
New Roads, Louisiana
June 17, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Waterworks District No. 2 of Pointe Coupee Parish, LA
Management's Discussion and Analysis
December 31, 2025

Introduction

This annual report consists of:

- Our independent auditors' report on the financial statements in which they rendered an unmodified opinion.
- Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.
- The basic financial statements which consist of proprietary fund financial statements, and the notes to those financial statements.
- Supplementary information required by the USDA
- Our independent auditors' report on the District's compliance with laws and regulations and how management applied internal controls over its financial operations. The results of those tests and observations did not indicate any violations that they considered to be in noncompliance or conditions that required to be disclosed that could affect our operations.
- Supplementary information required by Louisiana Legislative Auditor.

Management's Discussion and Analysis

As management of the District, we are pleased to provide an overview of our financial activities for the year ended December 31, 2025. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation.

Financial Highlights

- The District's net position decreased by \$28,718 from \$2,688,697 in 2024 to \$2,659,979 in 2025.
- Restricted and unrestricted Cash increased by \$16,897 from \$822,068 in 2024 to \$838,965 in 2025.
- Utility revenues remained constant, increasing by \$1,221 from \$755,676 in 2024 to \$756,897 in 2025.

Waterworks District No. 2 of Pointe Coupee Parish, LA

Management's Discussion and Analysis

December 31, 2025

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which are comprised of three components: (1) proprietary fund financial statements, (2) notes to the financial statements, and (3) other required supplementary information in addition to the basic financial statements themselves required by USDA.

Financial Statements

The District's Financial Statements report functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). When the District charges customers for the services it provides these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position.

The Financial Statements, presented on pages 11 through 13, are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statements of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to the Financial Statements

The notes, presented on pages 14 through 22, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are a required part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information required by LLA, on page 32.

Waterworks District No. 2 of Pointe Coupee Parish, LA

Management's Discussion and Analysis

December 31, 2025

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At the end of the most recent year, the assets of the District exceeds its liabilities and deferred outflows by \$2,659,979.

The District's total assets are composed of \$980,171 (17.41%) in cash and receivables, \$4,620,326 (82.08%) investment in capital assets (land, buildings, utility systems, vehicles and equipment, etc.), and \$28,733 (0.51%) in prepaid and other assets. The District uses these capital assets to provide various services to residents and business in the incorporated area, these assets are not available for future spending.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Statements of Net Position

	Total 2025	Total 2024	% Change
ASSETS			
Current and Other Assets	\$ 1,008,905	\$ 967,477	4.28%
Capital Assets	4,620,326	4,828,423	-4.31%
Total assets	<u>5,629,231</u>	<u>5,795,900</u>	-2.88%
LIABILITIES			
Current and Other Liabilities	325,331	316,188	2.89%
Long Term Debt	<u>2,627,071</u>	<u>2,773,282</u>	-5.27%
Total liabilities	<u>2,952,402</u>	<u>3,089,470</u>	-4.44%
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources	<u>16,850</u>	<u>17,733</u>	-4.98%
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,858,993	1,926,543	-3.51%
Restricted - USDA Funds	614,166	577,952	6.27%
Unrestricted - (Deficit)	<u>186,820</u>	<u>184,202</u>	1.42%
Total net position	<u>\$ 2,659,979</u>	<u>\$ 2,688,697</u>	-1.07%

Waterworks District No. 2 of Pointe Coupee Parish, LA
Management's Discussion and Analysis
December 31, 2025

Changes in Net Position

	Total	Total	%
	2025	2024	Change
REVENUES			
REVENUES:			
Charges for Services	\$ 775,993	\$ 755,676	2.69%
Interest Earned	59	56	6.29%
Total Revenues	<u>776,052</u>	<u>755,732</u>	2.69%
EXPENDITURES			
Functions/Program Expenses -			
Administrative	18,248	21,166	-13.79%
Professional Fees	120,803	76,254	58.42%
Utility Operator	145,604	141,275	3.06%
Maintenance	78,262	64,404	21.52%
Utilities	37,276	39,620	-5.92%
Insurance	31,309	26,443	18.40%
Depreciation	272,065	270,319	0.65%
Interest on Long-term Debt	101,203	98,665	2.57%
Total expenditures	<u>804,770</u>	<u>738,146</u>	9.03%
Increase in Net Position	(28,718)	17,586	263.30%
Beginning Net Position	<u>2,688,697</u>	<u>2,671,111</u>	0.66%
Ending Net Position	<u>\$ 2,659,979</u>	<u>\$ 2,688,697</u>	-1.07%

Waterworks District No. 2 of Pointe Coupee Parish, LA
Management's Discussion and Analysis
December 31, 2025

Capital Assets

At December 31, 2025 and 2024, the District had \$11,098,293 and \$11,034,325 respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment.

Further details on capital assets is presented in Note 4 on page 18

	Business-type Activities	
	<u>2025</u>	<u>2024</u>
Land	\$ 148,358	\$ 148,358
Buildings	13,500	13,500
Machinery & Equipment	9,424	5,049
Utility Property	10,880,822	10,841,278
Construction in Progress	46,189	26,140
Less Accumulated Depreciation	<u>(6,477,967)</u>	<u>(6,205,902)</u>
Totals	<u>\$4,620,326</u>	<u>\$ 4,828,423</u>

Economic Factors and Utility Rates

The District relies on user charges for their operations; therefore, activities are impacted by the number of users served and the consumption of water.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Edward Merrick, CPA at (225) 638-4501 or write to the District at 105 Gisele Street, New Roads, LA 70760.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NEW ROADS, LOUISIANA**

**STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Business-type Activities
ASSETS	
Current Assets	
Cash	\$ 224,799
Accounts receivable (Net of Allowance of \$71,571)	80,219
Other receivable	60,988
Prepaid expenses	28,733
Total Current Assets	<u>394,739</u>
Restricted Assets:	
USDA Restricted Reserves	<u>614,166</u>
Total Restricted Assets	<u>614,166</u>
Non-Current Assets	
Capital assets, net of depreciation	<u>4,620,326</u>
Total Non-Current Assets	<u>4,620,326</u>
 Total assets	 <u><u>5,629,231</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	36,955
Due to Related Party	397
Current Portion of Long Term Debt	134,261
Total Current Liabilities	<u>171,613</u>
Noncurrent liabilities:	
Consumer Meter Deposits Payable	153,718
Long-Term Debt (Net of Current Portion)	2,627,071
Total Non-current Liabilities	<u>2,780,789</u>
 Total liabilities	 <u><u>2,952,402</u></u>
DEFERRED INFLOWS OF RESOURCES	
Unearned Water Sales	<u><u>16,850</u></u>
NET POSITION	
Invested in Capital Assets	1,858,993
Restricted - USDA Funds	614,166
Unrestricted (deficit)	<u>186,820</u>
 Total net position	 <u><u>2,659,979</u></u>

The accompanying notes are an integral part of this statement.

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NEW ROADS, LOUISIANA**

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Business-type Activities</u>
Operating Revenues:	
Charges for Services	
Water Charges	756,897
Penalties	<u>19,096</u>
Total Operating Revenues	775,993
Operating Expenses:	
Administrative	45,605
Board Member Compensation and Travel Reimbursements	5,971
Chemicals	24,100
Depreciation	272,065
Grass cutting	3,460
Insurance	31,309
Miscellaneous	3,414
Professional and Technical Services	75,579
Publishing	2,136
Repairs, Maintenance and Supplies	54,285
Uncollectible Accounts	2,763
Utilities	37,276
Utility Operator	<u>145,604</u>
Total Operating Expenses	<u>703,567</u>
Net Operating Income (Loss)	72,426
Non-operating (Expenses) Revenues:	
Interest Income	59
Interest on Long-Term Debt and Other Charges	<u>(101,203)</u>
Total Nonoperating Expenses	<u>(101,144)</u>
Change in Net Position	(28,718)
Net Position - Beginning	<u>2,688,697</u>
Net Position - Ending	<u><u>2,659,979</u></u>

The accompanying notes are an integral part of this statement.

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NEW ROADS, LOUISIANA**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Business-type Activities
Cash Flows from Operating Activities	
Receipts from Customers	752,638
Payments to Suppliers	(432,980)
Net Cash Provided by Operating Activities	<u>319,658</u>
Cash Flows from Noncapital Financing Activities:	
Meter Deposits Received net of Refunds	<u>2,925</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,925</u>
Cash Flows from Capital and Related Financing Activities	
Due to a Related Party	(27)
Purchase of Capital Assets	(63,967)
Principal Paid on Capital Debt	(140,548)
Interest Paid on Capital Debt	(101,203)
Net Cash Used in Capital and Related Financing Activities	<u>(305,745)</u>
Cash Flows from Investing Activities	
Interest Earned	<u>59</u>
Net Cash Provided by Investing Activities	<u>59</u>
Net Increase in Cash	16,897
Cash - Beginning of Year	<u>822,068</u>
Cash - End of Year	<u><u>838,965</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	72,426
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Cash Flows Reported in Other Categories	
Depreciation Expense	272,065
Bad Debt Expense	2,763
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:	
Accounts Receivable	(22,473)
Prepaid Expenses	(5,037)
Accounts Payable	797
Unearned Water Charges	(883)
Net Cash provided by Operating Activities	<u><u>319,658</u></u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Notes to the Financial Statements

As of and For the Year Ending December 31, 2025

INTRODUCTION

The Waterworks District No. 2 of Pointe Coupee Parish, LA (the "District") was created by an ordinance of the Pointe Coupee Parish Police Jury on August 25, 1987 and October 13, 1987 under the authority of the provisions of Article VI, Section 19 of the 1974 Louisiana Constitution and R.S. 33:3811 et seq. The District provides potable water to portions of the Parish of Pointe Coupee. The District is governed by a board of five commissioners, who are residents of the District, appointed by the Pointe Coupee Parish Police Jury (PCP PJ) under the authority of R.S. 33:3813. All commissioners serve at the pleasure of the governing authority of the parish.

The District is a component of the Parish of Pointe Coupee, the financial reporting entity. The Parish of Pointe Coupee is financially accountable for the District because it appoints a voting majority of the Board and has the ability to impose its will on the District. The District is economically dependent on the Parish of Pointe Coupee.

The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Parish of Pointe Coupee, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Financial Statements

The District has adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*". This statement provides that special purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these Governments, basic financial statements and required supplemental information (RSI) consist of:

- Management's Discussion and Analysis (MD&A)
- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements
- RSI other than MD&A, if applicable

C. FUND ACCOUNTING

The District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, deferred inflows, deferred outflows, net position, revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The emphasis in fund financials is on the major funds in the business type activities. GASB No. 34 sets forth minimum criteria for the determination of major funds. The District does not have any non-major funds.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Notes to the Financial Statements

As of and For the Year Ending December 31, 2025

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The City reports an Enterprise fund type.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The Water Enterprise fund operated the City's water distribution system, which primarily serves Pointe Coupee Parish residents.

D. BASIS OF ACCOUNTING

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

Business-type activities in the proprietary fund financial statements are presented on the accrual basis of accounting. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred. Non-exchange revenues, including grants, are reported when all eligibility requirements have been met.

E. Operating Revenues and Expenses

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District consists of water sales to residential and commercial users, including penalty charges, connection fees, and late charges. Operating expenses for District include the cost to distribute water, administrative expenses, and depreciation on capital assets. Revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. Net Position

Proprietary fund net positions are divided into three components:

Invested in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of borrowings that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – This component of net position consists of assets that are restricted by the District's creditors, by the state enabling legislation, by grantors, and by other contributors. This includes cash reserve funds as required by the loan agreements with USDA and cash for customer deposits.

Unrestricted net position – This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets."

G. Fair Value Financial Statements

The carrying value of cash, accounts receivable and operating liabilities approximate fair value due to the short-term maturity of these instruments.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Notes to the Financial Statements

As of and For the Year Ending December 31, 2025

H. Deferred Inflows of Resources

The District's statements of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to future periods. Deferred inflows of resources are reported in the statements of net position for unearned water revenue. The District will not recognize the related revenues until they are available under accrual basis accounting.

I. Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposit accounts. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana and investments in United States bonds, treasury notes and bills.

Cash is classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value. As of December 31, 2025, the District has no cash equivalents.

J. Restricted Assets

Restricted assets on the balance sheet represents funds held for accounts required by U.S. Department of Agriculture – Rural Development (reserve account, short lived asset account, and depreciation and contingency account).

K. Accounts Receivable and Bad Debts

Accounts receivable represent amounts owed to the District from customer water usage net of the allowance for doubtful accounts. The District establishes an allowance equal to account balances of terminated customers.

The District requires a deposit on account from its customers as a source of collateral.

The Parish Police Jury bills and collects amounts due from customers for the District. Accounts receivable represents unpaid customer balances. Other receivable represents paid by the customers to the parish and owed to the District.

L. Capital Assets

Additions to the utility plan in service are recorded at cost or, if contributed properly, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; additions, improvements, and other capital assets with an original cost of \$5,000 or more are capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on depreciable property using straight-line method. Estimated useful lives are as follows:

Water System	10-50 Years
Buildings	20 Years
Machinery & Equipment	7 Years

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Notes to the Financial Statements

As of and For the Year Ending December 31, 2025

M. 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 those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

O. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward unrestricted resources and then toward restricted resources. Due to the nature of the restricted resources, all use of restricted resources must be approved by USDA.

P. Concentration of Credit Risk

The District extends credit to its customers, including governmental agencies, private homeowners and businesses. Although the majority of these customers are located in New Roads, Louisiana, the District does not believe that it is exposed to any significant credit risk in connection with the extension of credit to its customers.

2. Deposits with Financial Institutions

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned. Deposits are exposed to custodial credit risk if they are either (a) uninsured and uncollateralized, or (b) uninsured and collateralized with securities held by the pledging financial institution or its trust department/agent but not in the name of the District. The District's cash and investment policy, as well as state law, require that deposits be fully secured by federal deposit insurance or the pledge of securities owned by the bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the bank. The following chart represents bank balances for the District as of December 31, 2025. Deposits are listed in terms of whether they are exposed to custodial credit risk.

	Uninsured & Uncollateralized	Uninsured & Collateralized with Securities held by Pledging Institution Or it's Trust Department/Agent But not in the Entity's Name	Total Bank Balances – All Deposits	Total Carrying Value – All Deposits
Cash and cash equivalents	\$ -	\$ 369,385	\$ 869,385	\$ 838,965

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Notes to the Financial Statements

As of and For the Year Ending December 31, 2025

3. Accounts Receivable

Accounts Receivable consisted of the following as of December 31, 2025.

	Total
Water Customers	\$ 151,790
Less: Allowance for Doubtful Accounts	(71,571)
Total	<u>\$ 80,219</u>

4. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2025 are as follows:

	01/01/2025	Additions	Deletions	12/31/2025
Land (not depreciated)	\$ 148,358	\$ -	\$ -	\$ 148,358
Buildings	13,500	-	-	13,500
Utility Property	10,841,278	39,543	-	10,880,822
Machinery and Equipment	5,049	4,375	-	9,424
Construction in Progress (not depreciated)	26,140	20,049	-	46,189
	<u>\$ 11,034,325</u>	<u>\$ 63,967</u>	<u>\$ -</u>	<u>\$ 11,098,293</u>
Accumulated Depreciation	(6,205,902)	\$ (272,065)	\$ -	(6,477,967)
Capital Assets net of Accumulated Depreciation	<u>\$ 4,828,423</u>			<u>\$ 4,620,326</u>

5. Long-Term Debt Obligations

The District's debt consists of USDA Bonded Debt. The following summarizes debt transactions for the year ended December 31, 2025.

	Balance 01/01/2025	Additions	Reductions	Balance 12/31/2025	Due Within One Year
\$451,300 Revenue	\$ 99,523	\$ -	\$ (25,851)	\$ 73,672	\$ 25,152
\$110,000 Revenue	63,059	-	(3,288)	59,771	3,147
\$556,000 Revenue	318,733	-	(16,622)	302,111	15,906
\$356,000 Revenue	221,408	-	(9,455)	211,953	9,047
\$1,250,000 Revenue	547,272	-	(44,383)	502,889	42,469
\$2,050,000 Revenue	1,651,884	-	(40,948)	1,610,936	38,540
Total	<u>\$ 2,901,879</u>	<u>\$ -</u>	<u>\$ (140,547)</u>	<u>\$ 2,761,332</u>	<u>\$ 134,261</u>

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Notes to the Financial Statements

As of and For the Year Ending December 31, 2025

Long-term debt obligations for the District at December 31, 2025 are comprised of the following:

Revenue Bonds:

\$451,300 Waterworks Revenue Bonds, dated April 3, 1989, due in monthly installments of \$2,612 beginning April 1992 through August 2028, including interest at 6.25%.

\$110,000 U.S. Department of Agriculture – RUS, dated April 3, 2001, due in monthly installments of \$505 beginning May 2001 through February 2039, including interest at 4.5%.

\$556,000 U.S. Department of Agriculture – RUS, dated April 3, 2001, due in monthly installments of \$2,552 beginning May 2001 through February 2039, including interest at 4.5%.

\$356,000 U.S. Department of Agriculture – RUS, dated June 7, 2001, due in monthly installments of \$1,602 beginning June 2001 through May 2041, including interest at 4.5%.

\$1,250,000 U.S. Department of Agriculture – RUS, dated February 15, 2005, due in monthly installments of \$5,675 beginning February 2005 through January 2035, including interest at 4.5%.

\$2,050,000 Waterworks Revenue Bonds, dated July 24, 2012, due in monthly installments of \$7,155 beginning August 2013 through July 2052, including interest at 2.75%.

The annual requirements to amortize debt outstanding at December 31, 2025, are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	134,261	86,845	221,106
2027	152,665	88,541	241,206
2028	147,828	82,151	229,979
2029	133,528	76,339	209,867
2030	138,837	71,030	209,867
2031 – 2035	717,857	268,637	986,494
2036 – 2040	484,436	156,635	641,071
2041 - 2045	341,784	94,164	435,948
2046 - 2050	384,549	44,751	429,300
2051 - 2052	125,587	2,742	128,329
Total	\$ 2,761,332	\$ 971,835	\$ 3,733,167

Bond Restrictions:

In accordance with the indentures governing the revenue bonds, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability to be serviced by the earnings of the District. Deposits are made to these trust accounts in accordance with the requirements as follows: All revenue derived from operations are to be deposited in a "Revenue Fund" in a bank that is a member of Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Notes to the Financial Statements

As of and For the Year Ending December 31, 2025

Required monthly transfers from the "Revenue Fund" are to be made into a "Bond Fund" to provide payment of the next maturing interest and principal of the revenue bonds. The District has opted to make monthly payments on the bonds instead of annual payments; therefore, the use of the "Bond Fund" is not required.

Required monthly transfers of \$358 are to be made from the "Revenue Fund" into a "Reserve Fund" until a sum equal to the highest annual principal and interest on all outstanding bonds of the District. As of December 31, 2025, this is \$241,206 until the year 2027. This fund is restricted to payment of principal and interest in case of default. At December 31, 2025, \$136,531 has accumulated in this fund.

Required monthly transfers of \$358 are to be made from the "Revenue Fund" into a "Depreciation and Contingency Fund". This fund is restricted to payments for unusual or extraordinary maintenance and repairs. Replacement and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the "Bond Fund" or "Reserve Fund". At December 31, 2025, \$122,156 has accumulated in this fund. Management has suspended making payments to these two funds and has been instructed by USDA that no additional annual funding is required.

Required monthly transfers of \$3,013 are to be made from the Revenue Fund into a "Short Lived Asset Fund". This fund is restricted to payments for replacement and repairs of assets. At December 31, 2025, \$355,479 has accumulated in this fund.

	Short Lived Asset Fund	Reserve Fund	Depreciation & Contingency Fund
Balance – December 31, 2024	\$ 319,289	\$ 136,518	\$ 122,144
Monthly Deposits	36,156	-	-
Interest Earned	34	13	12
Distribution(s) Authorized by USDA	-	-	-
Balance – December 31, 2025	\$ 355,479	\$ 136,531	\$ 122,156
Amount Required by Bond Resolutions	310,659	120,603	120,603
Surplus – December 31, 2025	\$ 44,820	\$ 15,928	\$ 1,553

6. Contingencies

Litigation

There is no pending litigation against the District

Environmental Contingencies

Management of the District is not aware of any unrecorded material environmental commitments or contingent environmental liabilities. Environmental contingencies have been mitigated by testing of the water systems on a regular basis and providing the test results to the proper environmental authorities.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Notes to the Financial Statements

As of and For the Year Ending December 31, 2025

7. Lease Agreement

On April 4, 1989, a lease was obtained from Perry Glenn Gustin for a certain lot of land for the purpose of constructing and operating a water district plant and system. The lease was made and accepted for a term of fifty (50) years, effective April 3, 1989, and ending April 3, 2039. The agreement was amended on November 30, 1989 and then again on July 1, 1999. The rental for the use of this property is free water usage for his present household and shop building during the term of the lease at the rate of \$42 per month or \$502 per annum.

8. Compensation Paid to Board Members

In compliance with House Concurrent resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the board members is as follows:

	2025
Van J. Debetaz	\$ 1,000
Marvin Losavio	900
Mark Major	1,200
Ron Pourciau	700
Kelly Rivet	800
	<u>\$ 4,600</u>

9. Maintenance Agreement

The District entered into a maintenance agreement with M & C Water, L.L.C. ("Contractor") for the maintenance of all service lines to minimum standards of the State of Louisiana, maintenance of eight wells, after hour call outs for necessary repairs and maintenance, disconnect water service, and attendance at board meetings. The Contractor is to be paid \$5.25 per meter or approximately \$11,000 per month for all routine service, \$175 or \$200 per new service taps, \$100 per hour for repairs, \$1 per meter for readings, \$50 per disconnect service, and \$100 per hour to repair hydrants. The Agreement will be renewed in 2025 under new rates. Fees incurred under the agreement for the year ended December 31, 2025 was \$146,771.

10. Financial Services & Billing Agreements

The District has entered into a financial service and billing agreement with Edward Merrick, CPA for accounting services. For the year ended December 31, 2025, fees and reimbursed costs incurred under the agreements amounted to \$23,294

11. State Fees

Certain fees required by the Louisiana Department of Health and Hospitals are passed on to the District's customers. These fees are billed, collected, and remitted to the appropriate state agency and are not included in the revenues and expenses of the District.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Notes to the Financial Statements

As of and For the Year Ending December 31, 2025

12. Liquidity and Availability of Resources

The District's financial assets available within one year of the balance sheet date for general expenses are as follows:

	<u>2025</u>
Cash and cash Equivalents - Operating	\$ 224,799
Accounts & other receivables	141,207
Prepaid expenses	<u>28,733</u>
Total Current Assets	\$ 394,739

Certain assets are restricted by lenders for specific purposes and, therefore, are not available for general expenses. As part of the District's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. Although the District does not intend to spend from its restricted assets other than the amounts appropriated for general expenses as part of its annual budgeting process, amounts from its restricted assets could be made available if necessary.

13. Subsequent Events

On February 10, 2026, Pointe Coupee Parish Council adopted a resolution creating Consolidated Waterworks District No. 1. The resolution was adopted following requests from the governing authorities of Waterworks District No. 1 and Waterworks District No. 2 to consolidate the operations and governance of the two districts into a single waterworks district. The consolidation is expected to streamline administration and operations of the water systems serving the affected areas. The transfer of assets, liabilities, and operations associated with the consolidation will occur in accordance with the provisions of the resolution and applicable state law. The existing districts shall continue to exist and, if necessary, shall continue to pay debt service on their outstanding indebtedness while in existence. Each district shall cease to exist on the first day on which it no longer has any outstanding indebtedness pursuant to Louisiana law. The financial impact of this action, if any, has not been determined as of the date these financial statements were available to be issued.

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

Board of Commissioners
Waterworks District No. 2 of Pointe Coupee Parish, LA
New Roads, 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 Waterworks District No. 2 of Pointe Coupee Parish, LA (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 17, 2026.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Major, Morrison & David". The signature is written in a cursive, flowing style.

Major, Morrison & David
New Roads, Louisiana
June 17, 2026

Waterworks District No. 2 of Pointe Coupee
New Roads, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no current year findings.

Waterworks District No. 2 of Pointe Coupee
New Roads, Louisiana
Schedule of Prior Audit Findings
For the Year Ended December 31, 2025

Section I – Internal Control and Compliance Material to the Financial Statements:

No findings.

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III – Management Letter:

No management letter issued.

Waterworks District No. 2 of Pointe Coupee
New Roads, Louisiana
Summary Schedule of Current Audit Findings
For the Year Ended December 31, 2025

Section I – Internal Control and Compliance Material to the Financial Statements:

No findings.

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III – Management Letter:

No management letter issued.

Supplemental Information Required by USDA

(Unaudited)

Waterworks District No. 2 of Pointe Coupee Parish, LA
Supplemental Information Required by USDA (Unaudited)
December 31, 2025

Water Customers and Rates

At December 31, 2025, the District billed the following number of customers:

Rate Code/Description	Customers	Rate
W1 – Residential	1,508	\$16.00 – 1 st 2,000 gallons \$4.25 – per thousand, over 2,000 gallons
W2 – Commercial	24	\$16.00 – 1 st 10,000 gallons \$4.25 – per thousand, over 10,000 gallons
W4 – Industrial	2	\$949.04 – 1 st 1,000,000 gallons \$4.36 – per thousand, over 1,000,000 gallons
W12 – Batchelor Elementary	1	\$450.00 – per month flat rate
W11 – P.C. Central High	1	\$1,500.00 – per month flat rate
W7 – Camps	138	\$15.39 – 1 st 2,000 gallons \$4.36 – per thousand, over 2,000 gallons
W8 – Farmers	41	\$23.62 – 1 st 2,000 gallons \$4.36 – per thousand, over 2,000 gallons
W9 – Sheriff	2	\$23.62 – 1 st 2,000 gallons \$4.36 – per thousand, over 2,000 gallons
W10 - Governmental	1	\$16.00 – 1 st 2,000 gallons \$4.25 – per thousand, over 2,000 gallons

Aged Accounts Receivable

At December 31, 2025, the receivables due from customers are as follows:

	0-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	Total
Gross	71,669	6,913	1,498	139	71,571	151,790
Allowance	-	-	-	-	(71,571)	(71,571)
Net	<u>71,669</u>	<u>6,913</u>	<u>1,498</u>	<u>139</u>	<u>-</u>	<u>80,219</u>

Waterworks District No. 2 of Pointe Coupee Parish, LA
Supplemental Information Required by USDA (Unaudited)
December 31, 2025

Insurance in Force

<u>Issuer/Insurer</u>	<u>Type of Insurance</u>	<u>Limit Description</u>		<u>Coverage Effective Dates</u>
Cazayoux Insurance Agency/Glatfelter Public Entities	General Liability: Bodily injury and property damage	Per occurrence	\$1,000,000	07/31/25 – 07/31/26
		Aggregate	\$3,000,000	
		Medical Expense Per Accident	\$10,000	
	Personal injury and advertising injury	Per person or organization	\$1,000,000	
		Products	Aggregate	
	Directors and Officers	Each Offense	\$5,000	
		Occurrence	\$1,000,000	
		Aggregate Limit	\$3,000,000	
	Crisis Incident Response	Occurrence	\$25,000	
	Umbrella Policy Property	Aggregate	\$1,000,000	
		Replacement Cost	\$8,865,000	
		Loss of Income	\$250,000	
		Extra Expenses	\$250,000	
Smith – LBA Insurance CNA Surety	Fidelity Bond	Per Occurrence	\$241,206	05/15/25 – 05/15/26

Other Supplemental Information

Waterworks District No. 2 of Pointe Coupee Parish, LA
Schedules of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political
Subdivision Head, or Chief Executive Officer

December 31, 2025

Agency Head Name: There is no agency head, political subdivision head or chief executive officer.

Board members were paid the following in non-employee compensation for attending board meetings.

	2025
Van J. Debetaz	\$ 1,000
Marvin Losavio	900
Mark Major	1,200
Ron Pourciau	700
Kelly Rivet	800
	\$ <u>4,600</u>

Board Members were paid the following in travel reimbursement for attending board meetings.

	2025
Van J. Debetaz	\$ 304
Marvin Losavio	751
Mark Major	170
Kelly Rivet	146
	\$ <u>1,371</u>

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

**INDEPENDENT ACCOUNTANTS' REPORT
 ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners of
 Waterworks District No. 2 of Pointe Coupee

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. The District's management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 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:

Written Policies and Procedures

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

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

Finding: Entity has no written procedures in place, resulting in a finding for all above items, except for item F. Credit card procedures are not relevant.

Management's Response: Management is a small organization with no employees. It is run by a board and an outside CPA firm. Practices are in place and followed consistently, but no policies are documented.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions noted.

Bank Reconciliations

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

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

No exceptions were found as a result of this procedure.

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

Finding: Reconciliations do not include written evidence that a member of the board who does not handle cash has reviewed the reconciliation.

Management response: Accounts with monthly activity are reconciled monthly by the outside CPA firm and reviewed by the board. Board members sign checks. Due to the small nature of the entity there is no one without authority over cash to review documents.

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

Finding: Reconciliations include outstanding items over 12 months old.

Management response: The amounts are not material.

Collections (excluding electronic funds transfers)

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

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

- a) Employees responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

No exceptions noted.

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

No exceptions were found as a result of this procedure.

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

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

N/A – Third party handles receipts and deposits.

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

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

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

Finding: Entity has no written policies and procedures.

Management response: Management is a small organization with no employees. It is run by a board and an outside CPA firm. Practices are in place and followed consistently, but no policies are documented.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

Finding: There are no employees. One person from the hired CPA firm handles all steps in the process.

Management response: Due to the small nature of the entity the fact that there are no employees and that CPA firm handles all transactions, risk is low. All cash activity is reviewed by the board monthly.

- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

No exceptions noted.

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

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

N/A – No purchasing cards.

- 13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

N/A – No purchasing cards.

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

N/A – No purchasing cards.

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

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1g).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Ethics

17. Obtain a listing of employees/officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 officials, obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170..
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions noted.

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

No exceptions noted.

Debt Service

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

No exceptions noted.

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

No exceptions noted.

Fraud Notice

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

No exceptions were found as a result of this procedure.

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

N/A – Entity has no premises or website.

Information Technology Disaster Recovery/Business Continuity

23. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

24. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #18. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

25. Using the 5 randomly selected employees/officials in procedure #22, 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 asset have completed cybersecurity training as required by R.S. 42:1267.

We performed the procedure and discussed the results with management.

Prevention of Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #17 under “Ethics” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

- a) Number and percentage of public servants in the agency who have completed the training requirements;

- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Major, Morrison & David
New Roads, Louisiana
June 17, 2026