

MT. HERMON WATER DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2024

MT. HERMON WATER DISTRICT

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Board of Commissioners
Mount Hermon Water District
of the Parish of Washington, Louisiana
Mount Hermon, Louisiana

I (have reviewed the accompanying financial statements of the business-type activities, of the Mount Hermon Water District (a component unit of the Washington Parish Government), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of the District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

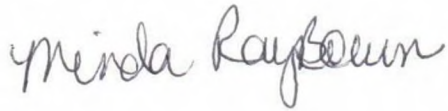
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Schedule of Revenues, Expenses, and Changes in Net Position Budget (GAAP Basis) and Actual be presented to supplement the basic financial statements. 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. The information is the representation of management. I have reviewed such required supplementary information, and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information, and accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on it.

Other Information

The supplementary information included in schedules of compensation paid to board members and compensation, benefits, and other payments to the agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express an opinion on such information.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA
Franklinton, LA 70438
January 16, 2026

BASIC FINANCIAL STATEMENTS

MT. HERMON WATER DISTRICT
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024 AND 2023

	2024	2023
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 150,734	\$ 149,410
Receivables, Net :		
Accounts	17,062	16,723
Unbilled	9,032	10,016
Due From Others	-	49,483
Prepaid Expenses	872	2,987
Total Current Assets	177,700	228,619
Restricted Assets:		
Restricted Cash and Cash Equivalents:		
Customer Deposits	26,749	27,599
Bond Reserve Accounts	76,024	72,195
Bond Contingency Account - RUS	84,322	80,074
Bond Sinking Account	51,456	18,356
Total Restricted Assets	238,551	198,224
Property, Plant, and Equipment		
Land	3,890	3,890
Property, Plant and Equipment, Net	1,066,810	1,135,882
Total Property, Plant, and Equipment	1,070,700	1,139,772
Other Noncurrent Assets		
Utility Deposits	220	220
Total Other Assets	220	220
Total Assets	1,487,171	1,566,835
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	42,135	4,518
Other Accrued Payables	2,099	1,897
Due to Others	10,824	-
Total Current Liabilities (Payable From Current Assets)	55,058	6,415
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	26,749	27,599
Current Revenue Bonds Payable	51,024	48,898
Accrued Interest on Revenue Bonds	3,585	4,220
Total Current Liabilities (Payable From Restricted Assets)	81,358	80,717
Long Term Liabilities:		
Bonds Payable	558,285	609,308
Total Long Term Liabilities	558,285	609,308
Total Liabilities	694,701	696,440
Net Position		
Net Investment in Capital Assets	461,391	481,566
Restricted for:		
Capital Projects and Debt Service	208,217	166,405
Unrestricted	122,862	222,424
Total Net Position	\$ 792,470	\$ 870,395

See accompanying notes and independent accountant's review report.

MT. HERMON WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Operating Revenues		
Water Sales	\$ 214,090	\$ 213,193
Installation Fees	2,600	1,650
Penalties	3,273	2,151
Other	995	803
Total Operating Revenues	<u>220,958</u>	<u>217,797</u>
Operating Expenses		
Bad Debts	5,500	8,500
Operations and Maintenance - Contract	51,692	51,167
Depreciation	69,072	69,072
Director's Expense	5,800	5,100
Insurance	3,408	6,473
Other	1,328	453
Professional Fees	46,019	9,200
Repairs and Maintenance	78,424	20,077
SCADA Expense	224	1,352
Utilities	22,085	18,542
Total Operating Expenses	<u>283,552</u>	<u>189,936</u>
Operating Income (Loss)	<u>(62,594)</u>	<u>27,861</u>
Nonoperating Revenues (Expenses)		
Interest Income	11,551	11,067
Interest Expense	(26,882)	(29,964)
Total Nonoperating Revenues (Expenses)	<u>(15,331)</u>	<u>(18,897)</u>
Change in Net Position	(77,925)	8,964
Total Net Position, Beginning	870,395	861,431
Total Net Position, Ending	<u>\$ 792,470</u>	<u>\$ 870,395</u>

See accompanying notes and independent accountant's review report.

MT. HERMON WATER DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Received From Customers	\$ -	\$ -
Received for Meter Deposit Fees	-	-
Other Receipts	33,100	-
Payments for Operations	<u>(3,000)</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>30,100</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities		
(Payments for) Capital Acquisitions	-	-
Principal Proceeds from (Repayments for) Long Term Debt	-	-
Interest Payments for Long Term Debt	<u>-</u>	<u>-</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities		
Receipt of Interest	11,551	11,067
Net Cash Provided by Investing Activities	<u>11,551</u>	<u>11,067</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	41,651	11,067
Cash and Cash Equivalents, Beginning of Year	<u>347,634</u>	<u>336,567</u>
Cash and Cash Equivalents, End of Year	<u>\$ 389,285</u>	<u>\$ 347,634</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 150,734	\$ 149,410
Cash and Cash Equivalents, Restricted	<u>238,551</u>	<u>198,224</u>
Total Cash and Cash Equivalents	<u>\$ 389,285</u>	<u>\$ 347,634</u>

(Continued)

See accompanying notes and independent accountant's review report.

MT. HERMON WATER DISTRICT

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (62,594)	\$ 27,861
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	69,072	69,072
(Increase) decrease in Accounts Receivable	645	6,588
(Increase) decrease in Prepaid Insurance	2,115	(2,244)
(Increase) decrease in Due from Others	(16,107)	(103,078)
Increase (decrease) in Accounts Payable	37,617	1,229
Increase (decrease) in Accrued Expenses	202	537
Increase (decrease) in Customer Deposits	(850)	35
Net Cash Provided (Used) by Operating Activities	<u>\$ 30,100</u>	<u>\$ -</u>

Noncash Capital and Financing Activities

During the year ended December 31, 2024, the District recorded debt service payments (principal and interest) of \$76,413 paid by the District's Management Company, French Settlement Water Company, as increases to due to others.

During the year ended December 31, 2023, the District recorded debt service payments (principal and interest) of \$83,593 paid by the District's Management Company, French Settlement Water Company, as increases to due from others.

See accompanying notes and independent accountant's review report.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Introduction

Mt Hermon Water District of the Parish of Washington, State of Louisiana was established July 23, 1986, by an ordinance of the Washington Parish Council. The ordinance, enacted pursuant to Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950, and other constitutional and statutory authority supplemented thereto, describes and defines the boundaries of the water district, and provides for a five member governing board of commissioners appointed by the Washington Parish Council.

Mount Hermon Water District was thus created and constitutes a public corporation and political subdivision of the State of Louisiana, and has all the power and privileges granted by the constitution and statutes of this state to such subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

Construction of the water system plant and equipment for the water system was financed under a loan/grant program from the United States Rural Utilities Service (RUS) office, with construction completed in March, 1997. Mount Hermon Water District, as of December 31, 2024, serves 426 water customers. The District contracts the operation and maintenance of the water system, including billings of water customers, to an outside agent.

GASB Statement No. 14, *The Reporting Entity*, as amended, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Mt Hermon Water District is considered a component unit of the Washington Parish Council. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within those financial statements, or separately reported as a discrete component unit. Under these provisions, there are no component units of the District.

1. Summary of Significant Accounting Policies

A. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as described in the following paragraphs.

These financial statements are presented in conformance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended. Statement No. 34 established standards for financial reporting, with presentation requirements including a statement of net assets (or balance sheet), a statement of activities and changes in net assets, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, that require capital contributions to the District be presented as a change in net position.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in Note IJ – *Net Position*. As required by the Governmental Accounting Standards Board (GASB), the District previously implemented GASB Statement No. 63.

The District has also previously adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings is more fully described in Note II – *Long-Term Obligations*.

The District did not have any deferred outflows or deferred inflows of resources at December 31, 2024 or December 31, 2023.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities, available to the District for the purpose of providing goods and services to the public, are included on the statement of net position. The statement of revenues, expenses, and changes in net position includes all costs of providing goods and services during the period.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

B. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, the Louisiana Asset Management Pool (LAMP) and those investments with original maturities of three months or less. 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 or any other state of the United States, or under the laws of the United States.

C. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments of the District are reported at fair value, except nonparticipating investment contracts which are reported at cost, if any.

D. Inventories

Inventories consist of materials and supplies and are recorded as an expense when consumed. Inventories are valued at cost using the first-in, first-out method.

E. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items primarily consist of prepaid insurance premiums.

F. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customers' meter deposits are also classified as restricted assets.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

G. Capital Assets

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$500, and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. Donated assets, including water systems donated for continued maintenance by the District, are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

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

<u>Description</u>	<u>Estimated Lives</u>
Utility System	10 to 40 Years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The District currently does not capitalize interest during the construction in accordance with GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

H. Compensated Absences

At December 31, 2024 and December 31, 2023, the District did not have employees that accumulate or vest benefits.

I. Long-Term Obligations

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65.

The District has previously implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, are revised. This standard was intended to compliment GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65. The District did not have any bond related costs in the year ending December 31, 2024 or December 31, 2023.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

J. Net Position

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position should be reported as restricted when constraints placed on net position use are either: (a.) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b.) Imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

K. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. Any prior period adjustments, if any, recorded in the current period have been reflected in prior period data presented wherever possible.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

M. Estimates

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

2. Cash Deposits with Financial Institutions

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

	<u>2024</u>	<u>2023</u>
Demand Deposits	\$ 159,960	\$ 129,860
Louisiana Asset Management Pool (LAMP)	<u>229,325</u>	<u>217,774</u>
Total Cash and Cash Equivalents	<u>\$ 389,285</u>	<u>\$ 347,634</u>

The cash demand deposits are stated at cost, which approximates market. The deposit in LAMP is stated at fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Custodial Credit Risk: Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a formal policy for custodial risk.

At December 31, 2024, the District has \$159,960 in deposits (collected bank balances other than LAMP), all consisting of demand deposits in one bank. These deposits are fully secured from risk by federal deposit insurance.

At December 31, 2023, the District has \$129,860 in deposits (collected bank balances other than LAMP), all consisting of demand deposits in one bank. These deposits are fully secured from risk by federal deposit insurance.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

3. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name.

Investments of the District are reported at fair value, except nonparticipating investment contracts which are reported at cost, if any.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

The District did not hold any investments at December 31, 2024 and December 31, 2023 other than its deposits in LAMP carried as cash and cash equivalents.

LAMP is administered by LAMP, Inc., a non-profit organized under the laws of the State of Louisiana. Only local government entities contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistence with GASB Statement No. 79. The following facts are relevant for investment pools:

1. Credit risk: LAMP is rated AAAM by Standards and Poor's.
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balance. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variance rate investments. The WAM for LAMP's total investments (from

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

LAMP's monthly Portfolio Holding) is 68 days as of December 31, 2024 and 53 as of December 31, 2023.

5. Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact LAMP administrative offices at 800-249-5267.

4. Receivables

The following is a summary of accounts receivables at December 31, 2024 and December 31, 2023:

	<u>2024</u>	<u>2023</u>
Accounts Receivable		
Current	\$ 15,855	\$ 16,193
31-60 Days Past Due	652	(34)
61-90 Days Past Due	566	470
Over 90 Days Past Due	<u>14,814</u>	<u>9,419</u>
Subtotal	31,887	26,048
Allowance for Uncollectible Accounts	<u>(14,825)</u>	<u>(9,325)</u>
Net Accounts Receivable	<u>\$ 17,062</u>	<u>\$ 16,723</u>

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. Periodically, the board reviews the aging of receivables and determines the actual amount uncollectible. Per board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of uncollectibility.

Estimated unbilled revenues (accrued billings) are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billing during the month following the close of the fiscal year. At December 31, 2024, accrued billings amounts were \$9,032. At December 31, 2023, accrued billings amounts were \$10,016.

The amount due to others totaled \$(10,824) at December 31, 2024 and the amount due from others totaled \$49,483 at December 31, 2023 and consisted of the net amount due to/from the management company contracted to operate the District. See further at Note 10.

5. Restricted Assets

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

Restricted assets consisted of restricted cash and were applicable to the following at December 31, 2024 and December 31, 2023:

	<u>2024</u>		<u>2023</u>
Customer Deposits	\$ 26,749	\$	27,599
Bond Reserve	54,921		52,155
Bond Reserve	21,103		20,040
Bond Depreciation & Contingency	84,322		80,074
Bond Sinking	51,456		18,356
	<u>\$ 238,551</u>	\$	<u>198,224</u>

See Note 8 sections b, c, and d for descriptions of the Bond Reserve, Bond Contingency, and Bond Sinking accounts.

6. Capital Assets

A summary of changes in capital assets during the fiscal year ending December 31, 2024 and December 31, 2023 is as follows:

	Beginning Balance 12/31/23		Additions and Reclassifications		Deletions and Reclassifications		Ending Balance 12/31/24
Capital Assets							
Land	\$ 3,890	\$	-	\$	-	\$	3,890
Utility System	2,476,965		-		-		2,476,965
Total Capital Assets	2,480,855		-		-		2,480,855
Less Accumulated Depreciation	(1,341,083)		(69,072)		-		(1,410,155)
Total Capital Assets, Net	<u>\$ 1,139,772</u>	\$	<u>(69,072)</u>	\$	<u>-</u>	\$	<u>1,070,700</u>

	Beginning Balance 12/31/22		Additions and Reclassifications		Deletions and Reclassifications		Ending Balance 12/31/23
Capital Assets							
Land	\$ 3,890	\$	-	\$	-	\$	3,890
Utility System	2,476,965		-		-		2,476,965
Total Capital Assets	2,480,855		-		-		2,480,855
Less Accumulated Depreciation	(1,272,011)		(69,072)		-		(1,341,083)
Total Capital Assets, Net	<u>\$ 1,208,844</u>	\$	<u>(69,072)</u>	\$	<u>-</u>	\$	<u>1,139,772</u>

The District did not have any asset purchases or asset disposals for the years ending December 31, 2024 and December 31, 2023.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

Depreciation expense for the fiscal year ending December 31, 2024, totaled \$69,072 and December 31, 2023 totaled \$69,072.

7. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2024:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-Term Debt					
1996 Water Revenue Bond	\$ 386,206	\$ -	\$ (25,897)	\$ 360,309	\$ 27,024
Series 2013 Water Revenue Bond	272,000	-	(23,000)	249,000	24,000
Total Long-Term Debt	<u>\$ 658,206</u>	<u>\$ -</u>	<u>\$ (48,897)</u>	<u>\$ 609,309</u>	<u>\$ 51,024</u>

The following is a summary of long-term obligation transactions for the year ended December 31, 2023

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-Term Debt					
1996 Water Revenue Bond	\$ 414,564	\$ -	\$ (28,358)	\$ 386,206	\$ 25,898
Series 2013 Water Revenue Bond	294,000	-	(22,000)	272,000	23,000
Total Long-Term Debt	<u>\$ 708,564</u>	<u>\$ -</u>	<u>\$ (50,358)</u>	<u>\$ 658,206</u>	<u>\$ 48,898</u>

Bonds Payable as of December 31, 2024 are as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One Year</u>
Revenue Bond \$ 754,000 1996 Water Revenue Utility Bonds Dated 2/8/1996 due in monthly installments of principal and interest of \$ 3,702 through 2/6/2036 interest at 5.0%	\$ 360,309	\$ 27,024
Revenue Bond \$ 700,000 Series 2013 Water Revenue Bonds Dated 3/8/2013 due in semi-annual installments of principal and interest of \$17,000 to \$34,000 through 3/1/2033 interest at 2.95%	249,000	24,000
	<u>\$ 609,309</u>	<u>\$ 51,024</u>

The first revenue bond above was issued through the United States Department of Agriculture, Rural Utility Service (RUS) at a total bond amount of \$754,000 on February 8, 1996, at an annual interest rate of 5.0%. The second, Series 2013 Water Revenue Bonds, is dated 3/8/13 and is issued through the Department of Health and Hospitals (DHH), State of Louisiana at an annual interest rate of 2.95% and an annual administrative fee of .5%. Under the terms of the DHH Series 2013 bond issue, the

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

bonds are issued at a “Principal Amount Before Forgiveness” of \$700,000, and a “Principal Amount Net of Forgiveness” of \$490,000. The gross amount of \$700,000 represents the total amount available for project construction; whereas the net amount of \$490,000 represents the amount that the District will incur as indebtedness for project construction. The difference between the gross amount of \$700,000 and the net amount of \$490,000 was recognized on the financial statements of the District as State Grant Income in prior years. Construction for the new water well was completed in 2014.

The annual requirements to amortize all debt outstanding as of December 31, 2024, including interest payments of \$752,477 are as follows:

Year Ending 12/31/24	1996 RUS Water Revenue Bonds			Series 2013, Water Revenue Bonds			Total
	Principal	Interest	Total	Principal	Interest	Total	
2025	\$ 27,024	\$ 17,402	\$ 44,426	\$ 24,000	\$ 7,987	\$ 31,987	\$ 76,413
2026	28,407	16,019	44,426	25,000	7,331	32,331	76,757
2027	29,860	14,566	44,426	26,000	6,452	32,452	76,878
2028	31,388	13,038	44,426	27,000	5,537	32,537	76,963
2029	32,993	11,432	44,425	27,000	4,606	31,606	76,031
2030 to 2034	192,082	30,046	222,128	120,000	8,487	128,487	350,615
2035 to 2039	18,555	235	18,790	-	-	-	18,790
	<u>\$ 360,309</u>	<u>\$ 102,738</u>	<u>\$ 463,047</u>	<u>\$ 249,000</u>	<u>\$ 40,400</u>	<u>\$ 289,400</u>	<u>\$ 752,447</u>

8. Flow of Funds, Restrictions on Use

As of December 31, 2024, Mt Hermon Water District had two Revenue Bonds. The first bond with the Rural Utilities Service (RUS) was issued at \$754,000 on February 8, 1996, at an interest rate of 5.0 percent. The second bond, Series 2013 Water Revenue Bonds, is dated 3/8/13 and was issued through the Department of Health and Hospitals (DHH) at an annual interest rate of 2.95% and an annual administrative fee of .5%, at a maximum principal amount, net of forgiveness, of \$490,000. Total interest expense from all water revenue bonds equaled \$26,882 for the year ended December 31, 2024, and \$29,964 for the year ended December 31, 2023. The gross revenue recognized during the current period was \$232,509. The gross revenue recognized during the year ending December 31, 2023 was \$228,864.

Bond covenants specify that the bonds shall be secured and payable in principal and interest exclusively by a pledge of the income and revenues derived or to be derived from the operation of the system. Other specific legal requirements and bond restrictions applying to the two bond issues are summarized below:

- a) The issuer, Mount Hermon Water District, covenants to fix, establish, and maintain such rates and collect such fees, rents, or other charges for the services and facilities of the System, and all parts thereof, and to revise the same from time to time whenever necessary, to pay the reasonable and necessary expenses of operating and maintaining the system in each year, all reserves or sinking funds required, and all other obligations or indebtedness payable out of the revenues of the System, and which will provide revenues in each year, after paying all reasonable and necessary expenses of operating and maintaining the System,

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

at least equal to 120 percent of the largest amount of principal and interest maturing on the bonds in any future fiscal year and on any parity bonds issued thereafter.

This new bond requirements became effective March 2015 for the 2013 series. For the fiscal year ending December 31, 2024 and December 31, 2023, the bond debt coverage factor was 122 percent and 138 percent, respectively, which is above the percentage required by the bond covenant of 120 percent.

- b) The establishment and maintenance of a “Water Bond and Interest Sinking Fund” (the Sinking Fund) sufficient in amount to pay promptly and fully the principal and interest on the bonds.

The actual creation of a sinking fund was not required for the 1996 Rural Utilities Service (RUS) bonds since the District pays required bond installments directly to Rural Utilities Service, on a monthly basis. At December 31, 2024 and December 31, 2023, Mount Hermon Water District had made all the required monthly bond installments. For the Series 2013 Water Revenue Bonds, bond covenants require the creation of a Water Revenue Bond and Interest Sinking Fund to pay promptly and fully the principal of and the interest on the Outstanding Parity Bonds by transferring from the Revenue Fund to the regularly designated fiscal agent bank of the District, monthly in advance on or before the 20th day each month of each year a sum equal to the debt service requirement schedule provided by DHH. Total sinking fund requirement at December 31, 2024 was \$22,863 and funded at \$51,456. Therefore at December 31, 2024, the District had fully funded the sinking fund. Total sinking fund requirement December 31, 2023 was \$22,294 and funded at \$18,356. Therefore at December 31, 2023, the District had a deficiency violation in the sinking fund of \$3,938. The District subsequently made additional deposits into the sinking fund, to bring it into compliance.

- c) Bond covenants of the Series 2013 Water Revenues require the establishment of the “Water Revenue Debt Reserve Fund” (the Reserve Fund) containing separate accounts designated for the 1996 Rural Utilities Service (RUS) Water Revenue Bonds and the Series 2013 Water Revenue Bonds, as follows:
 - 1) “Series 1996 Account”, containing approximately \$44,424 of revenues, heretofore deposited with respect to the outstanding parity bonds and which may be used solely to secure and make payments on the outstanding parity bonds to which there would otherwise be default. This account was fully funded at December 31, 2024 and 2023, with a balance accumulated of \$54,921 and \$52,155, respectively.
 - 2) “Series 2013 Account” which shall secure the Bonds, and shall be funded in advance on or before the 20th day of each month of each year, commencing with the month following the delivery of the Bonds, with a sum at least equal to at least fifty percent (50%) of the amount to be paid into the Sinking Fund with respect to the Bonds, the payments in the Series 2013 Account to continue until there has been accumulated a sum equal to the Reserve Fund Requirement, if any, designated and established for such series of Additional Parity Bonds. The Reserve Fund Requirement is one-half of the maximum annual principal and

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

interest requirements of the Bonds for any succeeding Bond Year. The requirement for the Reserve Fund for Series 2013 Water Revenue Bonds at December 31, 2024 was \$16,585. The Reserve Fund for Series 2013 was fully funded at December 31, 2024 and 2023 at \$21,103 and \$20,040, respectively.

- d) The 1996 Rural Utilities Service (RUS) bonds require the transfer from the Water Revenue Fund, the operating account of the District, monthly in advance on or before the 20th of each month the sum of \$191 per month into the Depreciation and Contingency fund. Money in the Depreciation and Contingency Fund may also be used, upon approval, to pay the principal and interest on any bond for which there is not sufficient money in the Sinking Fund or the Reserve Fund. The District did not make monthly deposits from the operating account all of the required deposits to the Depreciation and Contingency Fund for the 1996 Rural Utilities Service (RUS) bonds, maintaining a balance of \$84,322, at December 31, 2024 and \$80,074 at December 31, 2023.

The Series 2013 Water Revenue Bonds does not require the transfer of any funds to a Depreciation and Contingency Fund.

- e) The District, in the original bond resolution also obligated itself to abide by the following covenants:
- 1) The District will shut off service if the delinquent charge, with interest and penalties accrued thereon, is not paid within fifteen days from the date on which such charges became delinquent.
 - 2) A ten percent penalty will be charged on all delinquent accounts, and interest at a reasonable rate as established by the District, as well as payment of a reasonable reconnect charge for the resumption of services.
 - 3) The District agrees to maintain the System in first class repair and working order and condition.
 - 4) The District will carry full insurance coverage on the System in the manner required by the Government, with a company licensed to do business under the laws of Louisiana.
 - 5) The District will maintain separate and correct records and accounts, and will have the books audited no later than three months after the end of the fiscal year.
 - 6) The District will not sell, lease or in any manner dispose of the System or any substantial part thereof, provided the District may dispose of property that in its judgment is worn-out, unserviceable, unsuitable, or unnecessary in the operation of the System.
 - 7) The District will not, except as provided by this bond resolution, voluntarily create or cause to be created any debt, lien pledge, mortgage, assignment, or any other charges having priority or parity with the liens of the Bonds upon the income and revenues of the System pledged as security therefore.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

- 8) That, to the extent permitted by law, the District will not grant a franchise to any utility for operation within the boundaries of the District.
- 9) In operation of the System, the District will require all officers and employees in a position of authority or in possession of money derived from operations of the System to be covered by a blanket fidelity bond or faithful performance bond.

9. Restricted Net Position

At December 31, 2024 and December 31, 2023, Mt Hermon Water District had \$208,217 and \$166,405, respectively, in Restricted Net Position (Restricted for Capital Projects and Debt Service), representing the District's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits. Restricted Net Position is recorded net of any liability relating to those assets. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

10. Water System Management

The water district is operated under a contract with an outside party. The contract management provides services for operation and maintenance of the system, including billing and collection services for the water district. At December 31, 2024 the amount due to the contract management company totaled \$(10,824), and is recorded as an other liability "Due to Others" in the Statement of Net Position. At December 31, 2023 the amount due from the contract management company totaled \$49,483, respectively, and is recorded as an other receivable "Due from Others" in the Statement of Net Position.

11. Risk Management

The District is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, natural disasters, and many other foreseeable events. The District purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy premium and deductible is the only liability associated with these policies and bonds. There was a significant decrease in insurance coverage at December 31, 2024 from the prior year as liability and property insurance policies were not renewed in 2024. The amount of settlements has not exceeded the insurance coverage for the past two fiscal years.

12. Litigation and Claims

There is no outstanding litigation at December 31, 2024 or December 31, 2023.

13. Subsequent Events

Subsequent events have been evaluated by management through January 16, 2026, the date the financial statements were available for issuance. No events were noted that require recording or disclosure in these financial statements.

OTHER SUPPLEMENTARY INFORMATION

MT. HERMON WATER DISTRICT

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEARS ENDED DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024 Budget	2024 Actual	Variance Favorable (Unfavorable)	2023 Actual
Operating Revenues				
Water Sales	\$ 203,243	\$ 214,090	\$ 10,847	\$ 213,193
Installation Fees	5,315	2,600	(2,715)	1,650
Penalties	5,284	3,273	(2,011)	2,151
Other	2,363	995	(1,368)	803
Total Operating Revenues	<u>216,205</u>	<u>220,958</u>	<u>4,753</u>	<u>217,797</u>
Operating Expenses				
Bad Debts	570	5,500	(4,930)	8,500
Operations and Maintenance - Contract	63,890	51,692	12,198	51,167
Depreciation	68,701	69,072	(371)	69,072
Director's Expense	-	5,800	(5,800)	5,100
Insurance	8,091	3,408	4,683	6,473
Mileage	6,150	-	6,150	-
Other	495	1,328	(833)	453
Professional Fees	9,187	46,019	(36,832)	9,200
Repairs and Maintenance	2,873	78,424	(75,551)	20,077
SCADA Expense	1,115	224	891	1,352
Supplies	1,365	-	1,365	-
Utilities	13,360	22,085	(8,725)	18,542
Total Operating Expenses	<u>175,797</u>	<u>283,552</u>	<u>(107,755)</u>	<u>189,936</u>
Operating Income (Loss)	<u>40,408</u>	<u>(62,594)</u>	<u>(103,002)</u>	<u>27,861</u>
Nonoperating Revenues (Expenses)				
Interest Income	683	11,551	10,868	11,067
Interest Expense	(34,160)	(26,882)	7,278	(29,964)
Total Nonoperating Revenues (Expenses)	<u>(33,477)</u>	<u>(15,331)</u>	<u>18,146</u>	<u>(18,897)</u>
Change in Net Position	6,931	(77,925)	(84,856)	8,964
Total Net Position, Beginning	<u>833,744</u>	<u>870,395</u>	<u>36,651</u>	<u>861,431</u>
Total Net Position, Ending	<u>\$ 840,675</u>	<u>\$ 792,470</u>	<u>\$ (48,205)</u>	<u>\$ 870,395</u>

See independent accountant's review report.

MT. HERMON WATER DISTRICT

SCHEDULE OF INSURANCE

FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>
Western Surety Company Policy # 68463190	Public Official Position Schedule Bond:		1/1/2024 to 1/1/2025
	President	\$ 50,000	
	Secretary-Treasurer	\$ 50,000	
Travelers Casualty & Surety Co of America Policy #105657338	Director & Officers Liability	\$ 1,000,000	8/1/2024 to 8/1/2025

See independent accountant's review report.

MT. HERMON WATER DISTRICT

SCHEDULE OF COMPENSATION PAID TO
BOARD OF COMMISSIONERS

FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Avant Vernon, President (985) 877-5824	27285 Mt. Pisgah Road Mount Hermon, LA 70450	-	12/31/24
Rochelle Brumfield, Vice President (985) 839-6144	37770 Thomas Cryer Road Mount Hermon, LA 70450	-	12/31/24
James "Jim" Miller, Secretary (985) 335-7030	27159 Pleasant Hill Rd. Mount Hermon, LA 70450	-	12/31/24
Charles "David" Brooks, Board Member (985) 515-2664	36365 Hwy 38 Mount Hermon, LA 70450	-	12/31/24
Randall Garcia, Board Member (985) 320-7183	37300 Sunny Hill Mount Hermon, LA 70450	-	12/31/24

See independent accountant's review report.

MT. HERMON WATER DISTRICT

SCHEDULE OF COMPENSATION, BENEFITS,
REIMBURSEMENTS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2024

Agency Head Name: Avant Vernon, President

<u>Purpose</u>	<u>Compensation Received</u>
Travel Allowance	\$ <u>1,200</u>
Total	\$ <u><u>1,200</u></u>

See independent accountant's review report.

MT. HERMON WATER DISTRICTSCHEDULE OF WATER RATES

FOR THE YEAR ENDED DECEMBER 31, 2024

Residential Rates		Water	Commercial Rates	
\$ 26.00	- First 2,000 Gallons		\$ 38.00	- First 5,000 Gallons
4.50	- Per 1,000 Gallons of Water over 2,000 Gallons		4.50	- Per 1,000 Gallons of Water over 5,000 Gallons

MT. HERMON WATER DISTRICTSCHEDULE OF WATER CUSTOMERS

FOR THE YEARS ENDED DECEMBER 31, 2024

	2024	2023	Increase (Decrease)
Customers			
Residential	380	385	(5)
Commercial	46	27	19
Total Customers	<u>426</u>	<u>412</u>	<u>14</u>

See independent accountant's review report.

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

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wrcpa@huntbrothers.com

Member
AICPA

Member
LCPA

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Mount Hermon Water District of the
Parish of Washington, LA
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Mount Hermon Water District and the Louisiana Legislative Auditor (the specified parties), on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2024, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$60,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1755 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

The District had no expenditures that were subject to the public bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided me with the requested information.

3. Obtain a list of all employees paid during the fiscal year.

The District has no employees.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

The District has no employees. None of the immediate family members appeared on the District's vendor payment listing for December 31, 2024.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements for year ended December 31, 2024.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget 2024. The budget for 2024 was not amended.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

The budget for 2024 was not noted as being approved in the minutes.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures, and report whether actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total).

The District's operations are accounted for in a proprietary fund and are not subject to the 5% threshold.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year December 31, 2024. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

Six disbursements were randomly selected for the fiscal year December 31, 2024.

(a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

All six of the selected disbursements agreed with the amount and payee in the supporting documentation.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

All of the disbursements were properly coded to the correct fund and general ledger account.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

The District has a contract for operations and maintenance with French Settlement Water company, Inc. (FSWC). Per the contract with FSWC, FSWC will perform all accounts payable and maintain an appropriate check register. The staff of FSWC will prepare the check and submit to the Chairman of FSWC for approval and signature. At each quarterly meeting, FSWC will present an accounts payable listing to the District for the board's approval. Review of the minutes for 2024 for the selected disbursements reflected the board's approval.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Management represented that the District is only required to post a notice of each meeting and the accompanying agenda on the door of the local fire station building where the District's quarterly meetings are held.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

I scanned copies of all bank deposit slips for the fiscal year, and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

The District has no payroll disbursements. I read the meeting minutes of the District's board of commissioners for the fiscal year. I found no payments or approval for payments to employees that would constitute bonuses, advances, or gifts.

State Audit Law

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

The District's December 31, 2023 report was due on June 30, 2024, and was not submitted timely.

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

The District did not enter into any contracts that utilized state funds for the year ended December 31, 2024. Further, the District received no state funds for the year ended December 31, 2024.

Prior-Year Comments

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

Finding 2022-001 Submittal of Audit Report-Not resolved

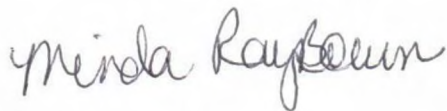
Finding 2022-002 Noncompliance with Debt Covenants-Partially resolved

Finding 2022-003 Noncompliance With Debt Sinking Fund Requirements-Resolved

Finding 2022-005 Deposit of Customer Payments-Not resolved

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District’s compliance with the foregoing matters. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the District’s compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Minda Raybourn CPA
Franklinton, LA
January 16, 2026

MT HERMON WATER DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Finding 2024-001 Submittal of Audit Report

Criteria: Audit reports are due no more than six months after the closing of the entity's fiscal year end.

Condition: The report was submitted January 2026.

Effect: Noncompliance with report due date.

Cause: The company managing the District's operations for years sold out to another company in 2023. The transition caused serious delays in the submittal of the accounting records to the external accountant.

Recommendation: The District should establish policies and procedures to ensure that records are turned over in a timely manner so that the District will be compliant with the deadline.

Management Response: Management concurs with the finding and will begin working on documenting policies and procedures.

Finding 2024-002 Deposit of Customer Payments

Criteria: A properly designed and implemented internal control system provides, among other things, reasonable assurance that the financial data is accurate and complete and the entity's assets are safeguarded. Payments from utility customers should be made to the District operating accounting in a timely manner.

Condition: The company managing the District's operations for years sold out to another company in 2024. When this transition happened, the new operator did not deposit customer payments into the District's operating account. Instead, the payments went into the operator's account. The last customer payments that went into the District account occurred September 2023. Starting October 2023, the operator deposited the customer payments into their account. District expenditures were paid from the operator's account. The result is an amount due to the operator in the amount of \$10,824.

Cause: The company managing the District's operations for years sold out to another company in 2023. Requests were made by the District's management to the operator for records and payments to be made to the District account,

Effect: Lack of internal controls over customer payments and billing records could lead to fraud, waste, and abuse.

Recommendation: Management should ensure that all of the District's customer payments are made to the District operating account.

Management Response: Management concurs with the finding.

MT HERMON WATER DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Finding 2024-003 Lack of Insurance Coverage

Criteria: The District should ensure that insurance coverage for all relevant risks is adequate for property, plant, and equipment and in place.

Condition: The District's coverage for general liability, property, and equipment coverage lapsed during 2024.

Cause: The insurance policies lapsed and no new coverage was obtained.

Effect: Risk of financial liability to the District due to lack of insurance coverage.

Recommendation: Immediately, District management needs to obtain insurance coverage to secure the District from risk. Policies and procedures should be in place to ensure coverage is renewed before policies lapse and that coverage is reviewed regularly to ensure it is adequate.

Management Response: Management concurs with the finding

Finding 2024-004 Noncompliance with Debt Covenants

Criteria: The 1996 Water Revenue Utility Bonds principal and interest are paid monthly to the US Department of Agriculture, Rural Utility Service in the amount of \$3,702.14.

Condition: The monthly payments for June and July 2024 were not paid timely. These two payments totaled \$7,404.28. However, payments after July 2024 were paid timely.

Effect: Noncompliance with bond covenants.

Cause: The company managing the District's operations for years sold out to another company in 2023. The transition caused serious delays in the submittal of the accounting records to the external accountant. In addition, the change caused the payments to USDA to be late.

Recommendation: The District should establish policies and procedures to ensure that all debt payments are made ahead of the required payment deadlines.

Management Response: Management concurs with the finding and will begin working on documenting policies and procedures.

MT HERMON WATER DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Finding 2023-001 Submittal of Audit Report

Criteria: Audit reports are due no more than six months after the closing of the entity's fiscal year end.

Condition: The report was submitted August 2025.

Effect: Noncompliance with report due date.

Cause: The company managing the District's operations for years sold out to another company in 2023. The transition caused serious delays in the submittal of the accounting records to the external accountant.

Recommendation: The District should establish policies and procedures to ensure that records are turned over in a timely manner so that the District will be compliant with the deadline.

Management Response: Management concurs with the finding and will begin working on documenting policies and procedures.

Status: Not resolved.

Finding 2023-002 Noncompliance with Debt Covenants

Criteria: The 1996 Water Revenue Utility Bonds principal and interest are paid monthly to the US Department of Agriculture, Rural Utility Service in the amount of \$3,702.14.

Condition: The monthly payments for February 2023 and March 2023 were not paid timely. These two payments totaled \$7,404.28. However, payments after March 2023 were paid each month and timely.

Effect: Noncompliance with bond covenants.

Cause: The company managing the District's operations for years sold out to another company in 2023. The transition caused serious delays in the submittal of the accounting records to the external accountant. In addition, the change caused the payments to USDA to be late.

Recommendation: The District should establish policies and procedures to ensure that all debt payments are made ahead of the required payment deadlines.

Management Response: Management concurs with the finding and will begin working on documenting policies and procedures.

Status: Partially resolved.

MT HERMON WATER DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Finding 2023-003 Noncompliance With Debt Sinking Fund Requirements

Criteria: Per Section 14 of the bond resolution for the Taxable Water Revenue Bonds, Series 2013, the District is required to pay the principal and interest by transferring from the Revenue Fund to the Sinking Fund monthly in advance on or before the 20th day of each month of each year a sum equal to 1) the total amount of principal and interest falling due on the next interest payment date and 2) one-sixth (1/6) of the interest falling due on the bonds on the next interest payment date plus one-twelfth (1/12) of the principal falling due on the bonds on the next principal payment day and 3) and any additional sums due in which may be required to pay such principal and interest as they become due

Condition: At the end of December 31, 2023, the sinking fund for the Bonds was under funded by \$3,938. The sinking fund requirement at December 31, 2023 is \$22,294. The account was funded at \$18,356.

Effect: Noncompliance with bond covenants.

Cause: The company managing the District's operations for years sold out to another company in 2023. The transition caused serious delays in the submittal of the accounting records to the external accountant. In addition, the company did not make the required deposits to the sinking fund.

Recommendation: The District should establish policies and procedures to ensure that all sinking fund payments are made ahead of the required payment deadlines.

Management Response: Management concurs with the finding and will begin working on documenting policies and procedures.

Status: Resolved.

Finding 2023-004 Deposit of Customer Payments

Criteria: A properly designed and implemented internal control system provides, among other things, reasonable assurance that the financial data is accurate and complete and the entity's assets are safeguarded. Payments from utility customers should be made to the District operating accounting in a timely manner.

Condition: The company managing the District's operations for years sold out to another company in 2023. When this transition happened, the new operator did not deposit customer payments into the District's operating account. Instead, the payments went into the operator's account. The last customer payments that went into the District account occurred September 2023. Starting October 2023, the operator deposited the customer payments into their account. District expenditures were paid from the operator's account. The result is amount due from operator in the amount of \$49,483.

MT HERMON WATER DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Cause: The company managing the District's operations for years sold out to another company in 2023. Requests were made by the District's management to the operator for records and payments to be made to the District account,

Effect: Lack of internal controls over customer payments and billing records could lead to fraud, waste, and abuse.

Recommendation: Management should ensure that all of the District's customer payments are made to the District operating account.

Management Response: Management concurs with the finding.

Status: Not resolved.

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)**

November 4, 2025 (Date Transmitted)

Minda B Raybourn CPA LLC

820 11th Avenue

Franklinton, LA 70438

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

Public Bid Law

It is true that we have complied with the state procurement code (R.S. 39:1551 – 39:1755); the public bid law (R.S. 38:2211-2296), and, where applicable, the regulations of the Division of Administration and the State Purchasing Office

Yes [X] No [] N/A []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [X] No [] N/A []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [X] No [] N/A []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [X] No [] N/A []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [X] No [] N/A []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [X] No [] N/A []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [X] No [] N/A []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [X] No [] N/A []

Prior-Year Comments

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

Yes [X] No [] N/A []

General

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

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

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

to you any such communication received between the end of the period under examination and the date of your report.

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

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

Secretary _____ Date

[Signature] Treasurer 11-4-25 Date

[Signature] President 11-04-25 Date