

**NORTHWEST ALLEN PARISH
WATERWORKS DISTRICT**

Grant, Louisiana

Financial Report

Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

The Board of Commissioners
Northwest Allen Parish Waterworks District
Grant, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Northwest Allen Parish Waterworks District (the District), a component unit of the Allen Parish Police Jury, 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 cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
June 16, 2026

BASIC FINANCIAL STATEMENTS

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Statement of Net Position
December 31, 2025

ASSETS

Current assets:

Cash and interest-bearing deposits	\$ 61,351
Accounts receivable, net of allowance	44,088
Due from other governmental units	<u>1,418,098</u>
Total current assets	<u>1,523,537</u>

Noncurrent assets:

Restricted assets:

Cash and interest-bearing deposits -	
Revenue bond debt service account	134
Revenue bond contingency account	93,441
Revenue bond reserve account	84,570
Revenue bond construction account	128
Customer deposits	<u>27,132</u>
Total restricted assets	<u>205,405</u>

Capital assets:

Non-depreciable	932,608
Depreciable, net	<u>3,880,674</u>
Total capital assets	<u>4,813,282</u>
Total assets	<u>6,542,224</u>

LIABILITIES

Current liabilities (payable from current assets):

Accounts payable	2,594
Accrued liabilities	3,586
Contracts payable	<u>47,005</u>
Total current liabilities (payable from current assets)	<u>53,185</u>

Current liabilities (payable from restricted assets):

Customer's deposits	27,132
Accrued interest	2,198
Revenue bonds payable	<u>32,913</u>
Total current liabilities (payable from restricted assets)	<u>62,243</u>
Total current liabilities	115,428

Noncurrent liabilities -

Revenue bonds payable	<u>2,722,203</u>
Total liabilities	<u>2,837,631</u>

NET POSITION

Net investment in capital assets	3,509,305
Restricted for debt service	143,034
Unrestricted	<u>52,254</u>
Total net position	<u>\$ 3,704,593</u>

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

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2025

Operating revenues:	
Charges for services -	
Water sales	\$ 367,445
Penalties	15,154
Miscellaneous	<u>29,277</u>
Total operating revenues	<u>411,876</u>
Operating expenses:	
Salaries	113,344
Payroll taxes	8,410
Insurance	38,438
Advertisements	1,694
Office expenses	11,902
Telephone and utilities	24,903
Supplies and parts	30,438
Auto expense	28,790
Depreciation	238,565
Training	1,210
Professional fees	18,430
Postage	2,066
Maintenance and repairs	10,727
Dues and subscriptions	2,345
Miscellaneous expenses	<u>6,881</u>
Total operating expenses	<u>538,143</u>
Operating loss	<u>(126,267)</u>
Nonoperating revenues (expenses):	
Interest and fiscal charges	(52,045)
Interest income	<u>2,073</u>
Total nonoperating revenues (expenses)	<u>(49,972)</u>
Loss before capital contributions	(176,239)
Capital contributions	<u>759,633</u>
Change in net position	583,394
Net position, beginning	<u>3,121,199</u>
Net position, ending	<u><u>\$ 3,704,593</u></u>

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

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Statement of Cash Flows
For the Year Ended December 31, 2025

Cash flows from operating activities:	
Receipts from customers	\$ 406,003
Payments to suppliers	(177,962)
Payments to employees	<u>(121,104)</u>
Net cash provided by operating activities	<u>106,937</u>
Cash flows used by capital and related financing activities:	
Proceeds from grants	786,405
Principal paid on revenue bonds	(58,478)
Interest paid on revenue bonds	(52,097)
Acquisition of capital assets	<u>(921,166)</u>
Net cash used by capital and related financing activities	<u>(245,336)</u>
Cash flows from investing activities:	
Interest received on interest-bearing deposits	<u>2,073</u>
Net decrease in cash and cash equivalents	(136,326)
Cash and cash equivalents, beginning of period	<u>403,082</u>
Cash and cash equivalents, end of period	<u>\$ 266,756</u>
Supplemental information:	
Interest paid	<u>\$ 52,097</u>
Purchase of fixed assets included in accounts payable and other payables	<u>\$ 47,005</u>

(continued)

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Statement of Cash Flows (Continued)
For the Year Ended December 31, 2025

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

Operating loss	\$(126,267)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Accrued expenses	<u>682</u>
Net cash provided by operating activities	<u>\$ 106,937</u>

Reconciliation of cash and cash equivalents per
statement of cash flows to the statement of net position:

Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits	\$ 21,446
Cash and interest-bearing deposits, restricted	<u>381,636</u>
Total cash and cash equivalents	<u>403,082</u>
 Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits	61,351
Cash and interest-bearing deposits, restricted	<u>205,405</u>
Total cash and cash equivalents	<u>266,756</u>
 Net decrease	<u>\$(136,326)</u>

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

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The Northwest Allen Parish Waterworks District, which is a component unit of the Allen Parish Police Jury (Police Jury), was created under the provisions of Louisiana Revised Statutes 33:3811, for the purpose of providing water to the rural areas of Northwest Allen Parish. The District is governed by a board of commissioners composed of five members appointed by the Police Jury.

The financial reporting entity for Northwest Allen Parish Waterworks District consists of the Allen Parish Police Jury, which, as governing authority of the parish, has oversight responsibility over other governmental units (component units) within the parish. Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the Police Jury is determined on the basis of the following criteria: appointment of governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service. Because the Police Jury created the District and appoints its board of commissioners, the District was determined to be a component unit of the Allen Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

B. Basis of Presentation

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

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

C. Fund Accounting

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

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

Proprietary Fund –

Enterprise Fund

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

D. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

Basis of Accounting

The proprietary fund statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

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

Cash and cash equivalents

For purposes of the statement of net position, cash and cash equivalents include all demand, savings accounts, and certificates of deposit of the District. For the purposes of the statement of cash flows, cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and customer meter deposits.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities report customer's utility service receivables as their major receivables. This receivable is reported net of an allowance for doubtful accounts, if any.

Capital Assets

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

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

Utility System and Improvements	25-50 years
Equipment	5 years

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no deferred inflows of resources.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District has no deferred inflows of resources.

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the District's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been. At December 31, 2025, the District reported \$143,034 of restricted net position, none of which was restricted by enabling legislation.
- c. Unrestricted net position consists of all other assets, deferred outflows or resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

F. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds generally are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of new installation and tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

G. Bad Debts

Through the establishment of an allowance account, uncollectible amounts due from customers' utility receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible customer utility receivables at December 31, 2025 was \$16,682.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

(2) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2025, the District had cash and interest-bearing deposits (book balances) as follows:

Demand deposits	\$ 61,351
Interest-bearing accounts	<u>205,405</u>
	<u>\$ 266,756</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the collateral securities that are in the possession of an outside will not be recovered. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2025 of \$273,244 were secured in total by federal deposit insurance and therefore are not exposed to custodial credit risk.

(3) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at December 31, 2025:

Revenue bond debt service account	\$ 134
Revenue bond contingency account	93,441
Revenue bond construction account	128
Revenue bond reserve account	84,570
Customer deposits	<u>27,132</u>
Total restricted assets	<u>\$ 205,405</u>

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

(4) Capital Assets

A summary of the District's capital assets at December 31, 2025 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 19,486	\$ -	\$ -	\$ 19,486
Construction in progress	<u>138,600</u>	<u>774,522</u>	<u>-</u>	<u>913,122</u>
Total capital assets not being depreciated	<u>158,086</u>	<u>774,522</u>	<u>-</u>	<u>932,608</u>
Other capital assets:				
Buildings	1,700	-	-	1,700
Furniture and fixtures	88,581	-	-	88,581
Equipment	185,094	-	-	185,094
Water system	<u>6,591,109</u>	<u>27,577</u>	<u>-</u>	<u>6,618,686</u>
Total other capital assets	<u>6,866,484</u>	<u>27,577</u>	<u>-</u>	<u>6,894,061</u>
Less accumulated depreciation:				
Buildings and furniture & fixtures	90,281	-	-	90,281
Equipment	89,808	13,828	-	103,636
Water system	<u>2,594,733</u>	<u>224,737</u>	<u>-</u>	<u>2,819,470</u>
Total accumulated depreciation	<u>2,774,822</u>	<u>238,565</u>	<u>-</u>	<u>3,013,387</u>
Other capital assets, net	<u>4,091,662</u>	<u>(238,565)</u>	<u>-</u>	<u>3,853,097</u>
Business-type activities, capital assets, net	<u>\$4,249,748</u>	<u>\$ 563,534</u>	<u>\$ -</u>	<u>\$4,813,282</u>

Depreciation expense included in the financial statements for the year ended December 31, 2025 totaled \$238,565.

(5) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount due in one year
Long-term debt:					
Direct placements:					
Revenue bonds	<u>\$3,515,652</u>	<u>\$ -</u>	<u>\$ 760,536</u>	<u>\$2,755,116</u>	<u>\$ 32,913</u>

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

Long-term debt payable at December 31, 2025 is composed of the following individual issues:

Water Revenue Bonds, Series 2010, number R-1 and R-2:

\$869,000 Water Revenue Bonds, Series 2010, Number R-1,
payable over 40 years, interest at 3.75 percent. \$ 688,046

\$820,000 Water Revenue Bonds, Series 2010, Number R-2,
payable over 40 years, interest at 3.75 percent. 648,972

\$2,313,000 Taxable Excess Revenue Bonds, Series 2024 non-interest bearing revenue bonds for the purpose of constructing and acquiring improvements, extensions, and replacement to the waterworks system of the District. The bonds were sold to the Louisiana Department of Health and Hospitals, Drinking Water Revolving Loan Fund ("Department"). The District's obligation to repay the principal of the bonds will be forgiven simultaneously with the payment by the Department of each installment of the purchase price of the bonds. At the time of the debt forgiveness, these amounts are recognized as grant revenue; therefore, these bonds are not amortizable. 1,418,098

Total \$2,755,116

The annual requirements to amortize the Series 2010 Water Revenues Bonds outstanding at December 31, 2025 is as follows:

Year Ended December 31,	Revenue Bonds		Total
	Principal	Interest	
2026	32,913	49,578	82,491
2027	34,169	48,322	82,491
2028	35,472	47,019	82,491
2029	36,826	45,665	82,491
2030	38,231	44,260	82,491
2031 - 2035	214,176	198,279	412,455
2036 - 2040	258,271	154,184	412,455
2041 - 2045	311,444	101,011	412,455
2046 - 2050	375,516	36,898	412,414
	<u>\$1,337,018</u>	<u>\$725,216</u>	<u>\$2,062,234</u>

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

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

Under the terms of the bond indenture on the \$869,000 and \$820,000 water revenue bonds, Series 2010, Numbers R-1 and R-2, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Water Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds.

Each month there will be set aside into a "Water Revenue Bond and Interest Sinking Fund" (the "sinking fund") an amount sufficient to accumulate the amount needed to assure the prompt payment of the principal and interest installments as they become due, by transferring from the operating account on or before the 20th day of each month of each year a sum equal to the total amount of principal and interest falling due on the bonds on the next principal payment, together with such additional proportionate monthly sum as may be required to pay said principal, interest and administrative fee as the same become due. Payments to the paying agent must be made not less than three days prior to each interest payment date to pay promptly the principal, interest, and administrative fee of the bonds.

Funds will also be set aside into a "Water Revenue Bond Reserve Fund" (the "reserve fund") to be retained solely for the purpose of paying the principal and interest on the bonds payable from the "Water Revenue Bond and Interest Sinking Fund" as to which there would otherwise be default. Payments into this fund will commence with the month following completion of and acceptance of the water system financed with the proceeds of the bonds, a sum at least equal to 5% of the amount to be paid into the "Water Revenue Bond and Interest Sinking Fund", the payments into the reserve fund to continue until such time as there has been accumulated in the reserve fund a sum equal to the highest combined principal and interest falling due in any year on the bonds payable from the sinking fund as a debt service reserve.

Funds will also be set aside into a "Water Depreciation and Contingency Fund" (the "contingency fund") to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system, by transferring from the operating account on or before the 20th day of each month of each year commencing with the month following completion of and acceptance of the water system financed with the proceeds of the bonds, a sum equal to five percent of the amount to be paid monthly into the Sinking Fund. Upon the reserve fund being funded to the reserve fund requirement, the monthly deposit into the contingency fund will increase to 10% of the amount to be paid into the sinking fund. Money in the contingency fund shall also be used to pay the principal of and the interest on any bond for the payment of which there is not sufficient money in the sinking fund or the reserve fund, but if so used, such money shall be replaced by the issuer as soon as possible thereafter out of the earnings of the system after making the required payments into the respective funds and accounts hereinabove set out.

Funds will also be set aside into a "Waterworks System Short-Lived Assets Depreciation Fund" (the "asset fund") to provide for the maintenance and replacement of short-lived assets of the system, by transferring from the operating account on or before the 20th day of each month of each year commencing with the month following completion of and acceptance of the water system financed with the proceeds of the bonds, a sum of \$2,356.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

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

The Northwest Allen Parish Waterworks District was in compliance with all significant limitations and restrictions in the bond indenture at December 31, 2025 and all required transfers and payments were made as described above.

(7) Pending Litigation

There is no litigation pending against the Northwest Allen Parish Waterworks District at December 31, 2025.

(8) Risk Management

The District is exposed to risks of loss in the areas of general liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance during the year, nor have settlements exceeded coverage for the past three years.

(9) Compensation, Benefits, and Other Payments to Supervisor

A detail of compensation, benefits, and other payments paid to Board President Charles Morrow (1/1/2025 – 5/31/2025) and Joy Williams (6/1/2025 – 12/31/2025) for the year ended December 31, 2025 follows:

<u>Purpose</u>	<u>Charles Morrow</u>	<u>Joy Beth Williams</u>	<u>Total</u>
Stipend	\$ 600	\$ 660	\$ 1,260
Registration fees	<u>100</u>	<u>455</u>	<u>555</u>
	<u>\$ 700</u>	<u>\$ 1,115</u>	<u>\$ 1,815</u>

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

(10) Compensation of Board Members

A detail of compensation paid to the Board members for the year ended December 31, 2025 follows:

Joy Beth Williams	\$ 780
Charles Morrow	660
Shirley Stanton	-
Joshua Thompson	600
Carolyn Deshotels	<u>780</u>
	<u>\$2,820</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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

The Board of Commissioners
Northwest Allen Parish Waterworks District
Grant, 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 the Northwest Allen Parish Waterworks District (the District), a component unit of the Allen Parish Police Jury, 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 16, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as 2025-001 and 2025-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Northwest Allen Parish Waterworks District's Response to Findings

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

Purpose of this Report

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
June 16, 2026

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended December 31, 2025

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

A. Internal Control Over Financial Reporting

2025-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

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

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

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

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

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended December 31, 2025

2025-002 Written Policies and Procedures

Fiscal year finding initially occurred: 2024

CONDITION: The District does not have written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, and capital asset management.

CRITERIA: Formal written policies and procedures are necessary as a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and ensure that procedures followed meet management's expectations. Written procedures aid in the continuity of operation and for cross-training staff.

CAUSE: The cause of the condition is the fact that the District has not properly documented its policies and procedures.

EFFECT: Failure to adopt formal written policies and procedures increases the risk that improper use of the District's assets or violations of policy may occur and not be identified.

RECOMMENDATION: Management should adopt formal written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, and capital asset management.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will review policies and procedures and will properly document procedures in place for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, and capital asset management.

B. Compliance

There were no compliance findings.

C. Management Letter

A management letter was issued related to operating deficits.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended December 31, 2025

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2024-001 Inadequate Segregation of Accounting Functions

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

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2025-001.

2024-002 Written Policies and Procedures

CONDITION: The District does not have written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, and capital asset management.

RECOMMENDATION: Management should adopt formal written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, and capital asset management.

CURRENT STATUS: Unresolved. See item 2025-002.

B. Compliance

No findings reported under this section.

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MANAGEMENT LETTER

The Board of Commissioners
Northwest Allen Parish Waterworks District
Grant, Louisiana

We have completed our audit of the basic financial statements of the Northwest Allen Parish Waterworks District (District) for the year ended December 31, 2025, and submit the following recommendation for your consideration.

The District experienced an operating loss during the current year. Failure to make a profit on utility sales could result in the District not having sufficient resources to pay current expenses. The District should consider increasing utility rates and/or decreasing expenses in order for the system to operate on a profitable basis.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
June 16, 2026

**NORTHWEST ALLEN PARISH
WATERWORKS DISTRICT**

Statewide Agreed-Upon Procedures Report

Year Ended December 31, 2025

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of
Northwest Allen Parish Waterworks District
and the Louisiana Legislative Auditor:

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

The Northwest Allen Parish Waterworks 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:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

N/A – This procedure is not applicable to the entity.

- ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Exceptions were found as a result of this procedure.

- iii. ***Disbursements***, including processing, reviewing, and approving.

Exceptions were found as a result of this procedure.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Exceptions were found as a result of this procedure.
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
Exceptions were found as a result of this procedure.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Exceptions were found as a result of this procedure.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Exceptions were found as a result of this procedure.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Exceptions were found as a result of this procedure.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
Exceptions were found as a result of this procedure.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Exceptions were found as a result of this procedure.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
Exceptions were found as a result of this procedure.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
Exceptions were found as a result of this procedure.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
No exceptions were found as a result of this procedure.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.
Exceptions were found as a result of this procedure.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
N/A – This procedure is not applicable to the entity.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.
Exceptions were found as a result of this procedure.

3) Bank Reconciliations

- A. 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:
- Obtained the listing of entity bank accounts for the fiscal period and management's representation that the listing is complete.*
- i. 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.
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
Exceptions were found as a result of this procedure.
 - iii. 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.
Exceptions were found as a result of this procedure.

4) Collections (excluding electronic funds transfers)

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

Obtained the listing of collection locations and management's representation that the listing is complete.

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

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions were found as a result of this procedure.

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

Exceptions were found as a result of this procedure.

- iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

Exceptions were found as a result of this procedure.

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

Exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.

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

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of procedures i – v.

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

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

Obtained the listing of locations that process payments and management's representation that the listing is complete.

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

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

Exceptions were found as a result of this procedure.

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

Exceptions were found as a result of this procedure.

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

Exceptions were found as a result of this procedure.

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

Exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity; and

No exceptions were found as a result of this procedure.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Exceptions were found as a result of this procedure.

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

Exceptions were found as a result of this procedure.

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

- A. 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.

Obtained the listing of active credit cards and management's representation that the listing is complete.

- B. 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
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were found as a result of procedures i – ii.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exceptions were found as a result of this procedure.

- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

Exceptions were found as a result of this procedure.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained the listing of travel and travel-related reimbursements and management's representation that the listing is complete.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of procedures i – iv.

8) Contracts

- A. 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:

Obtained a listing of all agreements/contracts that were initiated or renewed during the fiscal period and management's representation that the listing is complete.

- i. 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;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of procedures i – iv.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

Exceptions were found as a result of this procedure.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions were found as a result of this procedure.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

Exceptions were found as a result of this procedure.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

No exceptions were found as a result of this procedure.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedures #9A obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Exceptions were found as a result of procedures i - ii.

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

No exceptions were found as a result of this procedure.

11) Debt Service

- A. 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.

N/A – This procedure is not applicable to the entity.

- B. 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 were found as a result of this procedure.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No exceptions were found as a result of this procedure.

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

Exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures:

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week (b) was not stored on the government's local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 – completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of the initial service or employment.

We performed the procedures A - E and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Exceptions were found as a result of this procedure.

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

Exceptions were found as a result of this procedure.

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

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Exceptions were found as a result of this procedure.

Management's Response

Management of the Northwest Allen Parish Waterworks District concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by the Northwest Allen Parish Waterworks 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 Northwest Allen Parish Waterworks District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
June 16, 2026