

Mount Hermon Water District
Of the
Parish of Washington, Louisiana

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2022

(With Supplementary Information and
with 2021 Summarized Comparative Information)

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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 Mount Hermon Water District (a component unit of the Washington Parish Council), as of and for the years ended December 31, 2022, and 2021, 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 (our) conclusion.

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

Accountant's Conclusion

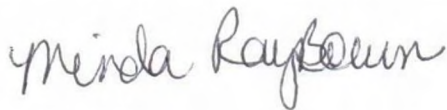
Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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.



Minda Raybourn CPA
Franklinton, LA 70438
July 24, 2025

BASIC FINANCIAL STATEMENTS

MT. HERMON WATER DISTRICT

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2022

(With Comparative Totals as of December 31, 2021)

	2022	2021
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 146,122	\$ 122,213
Receivables, Net :		
Accounts	19,904	14,414
Unbilled	13,423	9,781
Due From Others	29,998	-
Prepaid Expenses	743	1,785
Total Current Assets	210,190	148,193
Restricted Assets:		
Restricted Cash and Cash Equivalents:		
Customer Deposits	27,564	27,335
Bond Reserve Accounts	68,532	67,508
Bond Contingency Account - RUS	75,993	72,971
Bond Sinking Account	18,356	24,371
Total Restricted Assets	190,445	192,185
Property, Plant, and Equipment		
Land	3,890	3,890
Property, Plant and Equipment, Net	1,204,954	1,274,026
Total Property, Plant, and Equipment	1,208,844	1,277,916
Other Noncurrent Assets		
Utility Deposits	220	220
Total Other Assets	220	220
Total Assets	1,609,699	1,618,514
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	3,289	7,065
Other Accrued Payables	1,360	1,174
Total Current Liabilities (Payable From Current Assets)	4,649	8,239
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	27,564	27,335
Current Revenue Bonds Payable	50,358	45,255
Accrued Interest on Revenue Bonds	7,491	5,158
Total Current Liabilities (Payable From Restricted Assets)	85,413	77,748
Long Term Liabilities:		
Bonds Payable	658,206	704,347
Total Long Term Liabilities	658,206	704,347
Total Liabilities	748,268	790,334
Net Position		
Net Investment in Capital Assets	500,280	528,314
Restricted for:		
Capital Projects and Debt Service	155,390	159,692
Unrestricted	205,761	140,174
Total Net Position	\$ 861,431	\$ 828,180

See accompanying notes and independent accountant's review report.

MT. HERMON WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITIONFOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022	2021
Operating Revenues		
Water Sales	\$ 213,619	\$ 204,183
Installation Fees	7,190	4,990
Penalties	3,757	5,118
Other	17,412	664
Total Operating Revenues	241,978	214,955
Operating Expenses		
Bad Debts	1,928	296
Operations and Maintenance - Contract	65,562	66,231
Depreciation	69,987	68,987
Insurance	6,886	8,109
Mileage	6,000	6,000
Other	614	661
Professional Fees	2,250	8,550
Repairs and Maintenance	11,283	2,080
Supplies	445	2,664
SCADA Expense	1,346	857
Utilities	14,655	13,391
Total Operating Expenses	180,956	177,826
Operating Income (Loss)	61,022	37,129
Nonoperating Revenues (Expenses)		
Interest Income	3,067	93
Interest Expense	(30,838)	(33,243)
Total Nonoperating Revenues (Expenses)	(27,771)	(33,150)
Change in Net Position	33,251	3,979
Total Net Position, Beginning	828,180	824,201
Total Net Position, Ending	\$ 861,431	\$ 828,180

See accompanying notes and independent accountant's review report.

MT. HERMON WATER DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Received From Customers	\$ 137,361	\$ 206,054
Received for Meter Deposit Fees	229	1,312
Other Receipts	28,359	10,772
Payments for Operations	<u>(76,389)</u>	<u>(111,541)</u>
Net Cash Provided by Operating Activities	<u>89,560</u>	<u>106,597</u>
Cash Flows From Capital and Related Financing Activities		
(Payments for) Capital Acquisitions	(915)	(1,132)
Principal Proceeds from (Repayments for) Long Term Debt	(41,038)	(43,035)
Interest Payments for Long Term Debt	<u>(28,505)</u>	<u>(33,655)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(70,458)</u>	<u>(77,822)</u>
Cash Flows From Investing Activities		
Receipt of Interest	<u>3,067</u>	<u>93</u>
Net Cash Provided by Investing Activities	<u>3,067</u>	<u>93</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	22,169	28,868
Cash and Cash Equivalents, Beginning of Year	<u>314,398</u>	<u>285,530</u>
Cash and Cash Equivalents, End of Year	<u>\$ 336,567</u>	<u>\$ 314,398</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 146,122	\$ 122,213
Cash and Cash Equivalents, Restricted	<u>190,445</u>	<u>192,185</u>
Total Cash and Cash Equivalents	<u>\$ 336,567</u>	<u>\$ 314,398</u>

(Continued)

See accompanying notes and independent accountant's review report.

MT. HERMON WATER DISTRICT

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022
 (With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided		
(Used) by Operating Activities		
Operating Income (Loss)	\$ 61,022	\$ 37,129
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided by Operating Activities:		
Depreciation	69,987	68,987
(Increase) decrease in Accounts Receivable	(9,132)	1,899
(Increase) decrease in Prepaid Insurance	1,042	247
(Increase) decrease in Due from Others	(29,998)	-
Increase (decrease) in Accounts Payable	(3,776)	(2,979)
Increase (decrease) in Accrued Expenses	186	2
Increase (decrease) in Customer Deposits	229	1,312
Net Cash Provided (Used) by Operating Activities	\$ <u>89,560</u>	\$ <u>106,597</u>

See accompanying notes and independent accountant's review report.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 2022, serves 405 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, 2022

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 1J – *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 I – *Long-Term Obligations*.

The District did not have any deferred outflows or deferred inflows of resources at December 31, 2022.

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, 2022

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, 2022

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, 2022, 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 expended 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 expended in the period incurred under GASB 65. The District did not have any bond related costs in the year December 31, 2022.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year December 31, 2022, from which the summarized information was derived.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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.

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.

2. Cash Deposits with Financial Institutions

At December 31, 2022, the District has cash and cash equivalents (book balances) as follows:

Demand Deposits	\$	129,860
Louisiana Asset Management Pool (LAMP)		206,707
Total Cash and Cash Equivalents	\$	<u>336,567</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, 2022, 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, 2022

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, 2022 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.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Government floating/variance rate investments. The WAM for LAMP's total investments is 22 days (from LAMP's monthly Portfolio Holding) as of December 31, 2022.

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, 2022:

	<u>2022</u>
Accounts Receivable	
Current	\$ 17,952
31-60 Days Past Due	873
61-90 Days Past Due	1,904
Over 90 Days Past Due	<u>-</u>
Subtotal	20,729
Allowance for Uncollectible Accounts	<u>(825)</u>
Net Accounts Receivable	<u>\$ 19,904</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, 2022, accrued billings amounts were \$13,423.

The amount due from others totaled \$29,998 at December 31, 2022 and consisted of the net amount due from the management company contracted to operate the District. See further at Note 10.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

5. Restricted Assets

Restricted assets consisted of restricted cash and were applicable to the following at December 31, 2022:

Customer Deposits	\$	27,564
Bond Reserve		49,509
Bond Reserve		19,023
Bond Depreciation & Contingency		75,993
Bond Sinking		18,356
	\$	<u>190,445</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, 2022 is as follows:

	Beginning Balance 12/31/21	Additions and Reclassifications	Deletions and Reclassifications	Ending Balance 12/31/22
Capital Assets				
Land	\$ 3,890	\$ -	\$ -	\$ 3,890
Utility System	<u>2,476,050</u>	<u>915</u>	<u>-</u>	<u>2,476,965</u>
Total Capital Assets	2,479,940	915	-	2,480,855
Less Accumulated Depreciation	<u>(1,202,024)</u>	<u>(69,987)</u>	<u>-</u>	<u>(1,272,011)</u>
Total Capital Assets, Net	\$ <u>1,277,916</u>	\$ <u>(69,072)</u>	\$ <u>-</u>	\$ <u>1,208,844</u>

A December 31, 2022, The District expended \$915 for new valve for the pumping equipment in the utility system. The District did not have any asset disposals.

Depreciation expense for the fiscal year ending December 31, 2022, totaled \$69,987.

7. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2022:

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Long-Term Debt					
1996 Water Revenue Bond	\$ 433,602	\$ -	\$ (19,038)	\$ 414,564	\$ 28,358
Series 2013 Water Revenue Bond	316,000	-	(22,000)	294,000	22,000
Total Long-Term Debt	<u>\$ 749,602</u>	<u>\$ -</u>	<u>\$ (41,038)</u>	<u>\$ 708,564</u>	<u>\$ 50,358</u>

Bonds Payable as of December 31, 2022 are as follows:

			Bonds Payable End of Year	Due Within One Year
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%	\$ 414,564	\$ 28,358
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%	294,000	22,000
			<u>\$ 708,564</u>	<u>\$ 50,358</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 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, 2022, including interest payments of \$214,588 are as follows:

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Year Ending 12/31/22	1996 RUS Water Revenue Bonds			Series 2013, Water Revenue Bonds			Total
	Principal	Interest	Total	Principal	Interest	Total	
2023	\$ 28,358	\$ 23,472	\$ 51,830	\$ 22,000	\$ 9,764	\$ 31,764	\$ 83,594
2024	26,001	18,730	44,731	23,000	8,987	31,987	76,718
2025	27,011	17,415	44,426	24,000	8,177	32,177	76,603
2026	28,392	16,033	44,425	25,000	7,331	32,331	76,756
2027	29,845	14,581	44,426	26,000	6,452	32,452	76,878
2028 to 2032	173,753	48,375	222,128	142,000	18,078	160,078	382,206
2033 to 2037	101,204	6,877	108,081	32,000	552	32,552	140,633
	<u>\$ 414,564</u>	<u>\$ 145,483</u>	<u>\$ 560,047</u>	<u>\$ 294,000</u>	<u>\$ 59,340</u>	<u>\$ 353,340</u>	<u>\$ 913,387</u>

8. Flow of Funds, Restrictions on Use

As of December 31, 2022, 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 \$30,838 for the year ended December 31, 2022. The gross revenue recognized during the current period was \$213,619.

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, 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, 2022, the bond debt coverage factor was 169 percent, 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.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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, 2022, Mount Hermon Water District had not made all the required monthly installments. At December 31, 2022, the District is delinquent \$7,404.28 in payments due on these bonds. 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, 2022 was \$21,714 and funded at December 31, 2022.. Therefore at December 31, 2022, the District had a deficiency violation in the sinking fund of \$3,358. The District has not yet subsequently made any additional deposits into the sinking fund, but rather has been making the bond payments from other funds available to the District. The District plans to transfer funds 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, 2022, with a balance accumulated of \$49,509.
 - 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 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, 2022 was \$16,585. The Reserve Fund for Series 2013 was fully funded at December 31, 2022 at \$19,023
- 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. Money in the 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 made all of the required deposits to the Depreciation and Contingency Fund for the 1996 Rural Utilities Service (RUS) bonds, maintaining a balance of \$70,026, at December 31, 2022.

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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.
 - 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, 2022, Mt. Hermon Water District has \$155,390 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

MT. HERMON WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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, 2022, the amount due from the contract management company totaled \$29,998 and is recorded in "Other Receivables" in the Statement of Net Position.

11. Litigation and Claims

There is no outstanding litigation at December 31, 2022.

12. Subsequent Events

Subsequent events have been evaluated by management through July 24, 2025, the date the financial statements were available for issuance. No events were noted that require recording or disclosure in the financial statements for the year ending December 31, 2022.

OTHER SUPPLEMENTARY INFORMATION

MT. HERMON WATER DISTRICT

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

FOR THE YEAR ENDED DECEMBER 31, 2022

(With Comparative Amounts for the Year Ended December 31, 2021)

	2022 Budget	2022 Actual	Variance Favorable (Unfavorable)	2021 Actual
Operating Revenues				
Water Sales	\$ 206,115	\$ 213,619	\$ 7,504	\$ 204,183
Installation Fees	6,000	7,190	1,190	4,990
Penalties	6,000	3,757	(2,243)	5,118
Other	800	17,412	16,612	664
Total Operating Revenues	<u>218,915</u>	<u>241,978</u>	<u>23,063</u>	<u>214,955</u>
Operating Expenses				
Bad Debts	1,200	1,928	(728)	296
Operations and Maintenance - Contract	69,636	65,562	4,074	66,231
Depreciation	70,000	69,987	13	68,987
Insurance	11,794	6,886	4,908	8,109
Mileage	6,000	6,000	-	6,000
Other	1,250	614	636	661
Professional Fees	11,000	2,250	8,750	8,550
Repairs and Maintenance	1,800	11,283	(9,483)	2,080
SCADA Expense	1	1,346	(1,345)	857
Supplies	300	445	(145)	2,664
Utilities	13,275	14,655	(1,380)	13,391
Total Operating Expenses	<u>186,256</u>	<u>180,956</u>	<u>5,300</u>	<u>177,826</u>
Operating Income (Loss)	<u>32,659</u>	<u>61,022</u>	<u>28,363</u>	<u>37,129</u>
Nonoperating Revenues (Expenses)				
Interest Income	4,500	3,067	(1,433)	93
Interest Expense	(34,035)	(30,838)	3,197	(33,243)
Total Nonoperating Revenues (Expenses)	<u>(29,535)</u>	<u>(27,771)</u>	<u>1,764</u>	<u>(33,150)</u>
Change in Net Position	3,124	33,251	30,127	3,979
Total Net Position, Beginning	<u>828,180</u>	<u>828,180</u>	<u>-</u>	<u>824,201</u>
Total Net Position, Ending	<u>\$ 831,304</u>	<u>\$ 861,431</u>	<u>\$ 30,127</u>	<u>\$ 828,180</u>

See independent accountant's review report.

MT. HERMON WATER DISTRICTSCHEDULE OF INSURANCE

FOR THE YEAR ENDED DECEMBER 31, 2022

Insurance Company / Policy Number	Coverage	Amount	Period
Ohio Casualty Insurance Policy # BKO57636803	General Aggregate Limit (other than Products / Completed Operations)	\$ 2,000,000	2/1/2022 to 2/1/2023
	Products / Completed Operations Aggregate Limit	2,000,000	
	Personal and Advertising Injury	1,000,000	
	Each Occurrence Limit	1,000,000	
	Damage to Rented Premises	100,000	
	Medical Expenses	5,000	
	Building Personal Property	15,937 1,433	2/1/2022 to 2/1/2023
Western Surety Company Policy # 68463190	Public Official Position Schedule Bond:		2/1/2022 to 2/1/2023
	President	50,000	
	Secretary-Treasurer	50,000	
Western American Insurance Company Policy # BMW57901091	Equipment Floater for Water Pump and Generator - as Scheduled	110,000	7/19/2022 to 7/19/2023
Travelers Casualty & Surety Co of America Policy #105657338	Director & Officers Liability	1,000,000	8/1/2022 to 8/1/2023

See independent accountant's review report.

MT. HERMON WATER DISTRICT

SCHEDULE OF COMPENSATION PAID TO
BOARD OF COMMISSIONERS

FOR THE YEAR ENDED DECEMBER 31, 2022

<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	-	12/31/23
Jim Miller, Secretary (985) 335-7030	27159 Pleasant Hill Rd. Mount Hermon, LA 70450	-	12/31/24
David Brooks, Board Member (985) 515-2664	36365 Hwy 38 Mount Hermon, LA 70450	-	12/31/24
Kenneth Gill, Board Member (985) 229-2632	33425 Hwy 1056 Kentwood, LA 70444	-	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, 2022

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 DISTRICT**SCHEDULE OF WATER RATES**

FOR THE YEAR ENDED DECEMBER 31, 2022

Water	
Residential Rates	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 DISTRICT**SCHEDULE OF WATER CUSTOMERS**

FOR THE YEARS ENDED DECEMBER 31, 2022

	2022	2021	Increase (Decrease)
Customers			
Residential	377	373	4
Commercial	28	25	3
Total Customers	<u>405</u>	<u>398</u>	<u>7</u>

See independent accountant's review report.

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

820 11th Avenue
Franklinton, Louisiana 70438
(985) 839-4413
Fax (985) 839-4402
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, 2022, 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, 2022.

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, 2022.

Budgeting

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

Management provided me with a copy of the original budget 2022. The budget for 2022 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 2022 was approved at the October 26, 2021 meeting.

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, 2021, and December 31, 2022. 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, 2022.

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

Three of the six selected disbursements agreed with the amount and payee in the supporting documentation. Supporting documentation for the other three disbursements were not provided.

(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 2022 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, 2021 report was due on June 30, 2022, 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, 2022. Further, the District received no state funds for the year ended December 31, 2022.

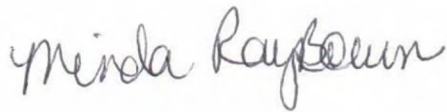
Prior-Year Comments

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

Finding 2021-001-Late submittal of review report. This finding has not been 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.

A handwritten signature in dark ink, reading "Minda Raybourn". The signature is written in a cursive, flowing style.

Minda Raybourn CPA
Franklinton, LA
July 24, 2025

MT HERMON WATER DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Finding 2022-001 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 July 2025.

Effect: Noncompliance with report due date.

Cause: The company managing the District's operations for years sold out to another company in 2022. 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 2022-002 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 November and December 2022 were not paid timely. These two payments totaled \$7,404.28.

Effect: Noncompliance with bond covenants.

Cause: The company managing the District's operations for years sold out to another company in 2022. 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.

Finding 2022-003 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, 2022, the sinking fund for the Bonds was under funded by \$3,358. The sinking fund requirement at December 31, 2022 is \$21,714. 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 2022. The transition caused serious delays in the submittal of the accounting records to the external accountant. The payments for November and December 2022 were not made 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.

Finding 2022-004 Supporting Documentation for Disbursements

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. When approving and processing payment of invoices, supporting documentation should be attached an original receipt or original invoice. Documentation of each expense should include the business/public purpose.

Condition: Six disbursements were selected to compare against supporting documentation. Three of the six was not provided for review.

Cause: The company managing the District's operations for years sold out to another company in 2022. The transition caused serious delays in the submittal of the accounting records to the external accountant. All supporting documentation for the District's disbursements were held by the new operating company of the District. In the transfer of records, some of the documentation was provided to the District but not all.

Effect: Lack of internal controls over disbursements could lead to fraud, waste, and abuse.

Recommendation: Management should ensure that all of the District's disbursements are supported by adequate documentation to support the public or business purpose of the expenditure.

Management Response: Management concurs with the finding.

Finding 2022-005 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 2022. 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 2022. Starting October 2022, 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 \$29,998.

Cause: The company managing the District's operations for years sold out to another company in 2022. 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 PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

Finding 2021-001 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 June 2023.

Effect: Noncompliance with report due date.

Cause: The company managing the District's operations for years sold out to another company in 2022. The transition caused serious delays in the submittal of the accounting records to the external accountant. In addition, the external accountant had high employee turnover at his firm.

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.

View of Responsible Official: Management concurs with the findings and will begin working on documenting policies and procedures.

Status: Not resolved.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

July 26, 2024 (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, 2022 (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 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

Treasurer _____ Date

Grant Vernon _____
President 07-30-2024 Date