

*Water Works District No. 3
of Rapides Parish*

Tioga, Louisiana

December 31, 2024

**Water Works District No. 3
of Rapides Parish**

December 31, 2024

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

To the Board of Commissioners
Water Works District No. 3 of Rapides Parish

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Water Works District No. 3 of Rapides Parish (the District), Tioga, Louisiana, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2024, and the respective changes in financial position and 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 financial statements that are free from material misstatement, whether due to fraud or error.





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To the Board of Commissioners
Water Works District No. 3 of Rapides Parish

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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To the Board of Commissioners
Water Works District No. 3 of Rapides Parish

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 10 and 28 through 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as Schedules 1 through 5 in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 through 5 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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To the Board of Commissioners
Water Works District No. 3 of Rapides Parish

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Schedules 6 and 7 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2025, 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.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

May 6, 2025

Required Supplementary Information

Management's Discussion and Analysis

**Water Works District No. 3 of Rapides Parish
Tioga, Louisiana**

Management's Discussion and Analysis

As management of the Water Works District No. 3 of Rapides Parish (the District) in Tioga, Louisiana, we are pleased to provide this narrative discussion and analysis of the financial activities of the District for the year ended December 31, 2024. The District's financial information and performance is analyzed and discussed within the context of the accompanying financial statements and disclosures.

Financial Highlights

- The District's net position increased by \$4,128,056 in 2024.
- The District's operating revenues were \$6,682,442 which were more than total operating expenditures of \$6,189,432 resulting in an operating income of \$493,010.
- Total non-operating revenue was \$164,405.
- Total net position of \$27,890,200 is made up of the following:
 1. Net investment in Capital assets of \$12,891,693 includes property and equipment, net of accumulated depreciation and related debt,
 2. Restricted net position of \$601,010, and
 3. Unrestricted net position of \$14,397,497.
- In December 2020, the District refinanced all outstanding bonds resulting in a bond issue of \$5,155,000, with a 13 year term.
- In April 2022, the District had a \$10.5 million bond issue to provide funding for two water wells on the District's Administrative office site.

Overview of the Financial Statements

This discussion and analysis document serves as an introduction to the District's basic financial statements. These statements include the financial statements and notes to those statements, as well as additional information to supplement the basic financial statements. Comparative data is also presented.

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and provides a useful tool to determine improving or deteriorating financial positions.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's assets changed as a result of its current year operations. All changes in net position are reported when the underlying transactions occur, regardless of when actual cash flows are affected. As a result, transactions are included in this statement that will not affect cash until future periods.

**Water Works District No. 3 of Rapides Parish
Tioga, Louisiana**

Management's Discussion and Analysis

The Statement of Cash Flows presents information showing how the District's cash changed as a result of current year operations. The statement of cash flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided by (used in) operating activities (indirect method) as required by GASB 34.

Financial Analysis

The District's net position at calendar year end was \$27,890,200. The following exhibit provides a summary of the District's net position:

	<u>2024</u>	<u>2023</u>
Assets:		
Current assets	\$ 15,250,028	\$ 16,431,456
Restricted assets	1,121,607	1,090,151
Capital assets	<u>27,812,050</u>	<u>22,469,131</u>
Total assets	44,183,685	39,990,738
Liabilities:		
Current liabilities	708,880	407,631
Restricted liabilities	520,597	488,516
Long-term liabilities	<u>15,064,008</u>	<u>15,332,447</u>
Total liabilities	16,293,485	16,228,594
Net position:		
Net investment in capital assets	12,891,693	7,136,684
Restricted net position	601,010	601,635
Unrestricted net position	<u>14,397,497</u>	<u>16,023,825</u>
Total net position	\$ 27,890,200	\$ 23,762,144

As of December 31, 2024, net position was restricted for bond contingencies of \$200,000, and debt service of \$401,010.

The following represents a summary of the District's changes in net position:

	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 6,682,442	\$ 7,089,455
Nonoperating revenues	<u>746,650</u>	<u>711,281</u>
Total revenues	7,429,092	7,800,736
Depreciation and amortization expense	1,229,163	1,214,036
Other operating expenses	4,960,269	4,813,815
Interest expense	582,245	590,958
Other nonoperating expenses	<u>-</u>	<u>1,813</u>
Total expenses	<u>6,771,677</u>	<u>6,620,622</u>
Change in Net Position before Capital Contributions	657,415	1,180,114
Contributions in aid of construction	3,470,641	88,107
Beginning Net Position	<u>23,762,144</u>	<u>22,493,923</u>
Ending Net Position	\$ 27,890,200	\$ 23,762,144

**Water Works District No. 3 of Rapides Parish
Tioga, Louisiana**

Management's Discussion and Analysis

Contributions in aid of construction for 2024 were \$3,470,641. All of these funds received related to customer taps, third party development, or grant proceeds as part of the State's Water Sector Program.

The following exhibit represents a summary of the changes in cash and cash equivalents for 2024:

Operating income (loss)	\$ 493,010
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,229,163
Changes in operating assets and liabilities	<u>167,232</u>
Total cash provided by operating activities	1,889,405
Cash used in capital and related financing activities	(3,744,476)
Cash provided by investing activities	<u>936,348</u>
Net increase (decrease) in cash and cash equivalents	(918,723)
Cash and cash equivalents, Beginning of year	<u>4,795,896</u>
Cash and cash equivalents, End of year	\$ 3,877,173

Capital Assets and Debt Administration

The District's capital assets, net of accumulated depreciation, as of December 31, 2024, was \$27,812,050. The following provides a summary by asset type at December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Nondepreciable assets:		
Construction in progress	\$ 6,661,454	\$ 711,764
Land	367,369	367,369
Depreciable and amortizable assets:		
Plant and equipment	12,281,151	12,967,011
Buildings and improvements	139,050	162,452
Vehicles	289,718	221,563
Furniture, fixtures, and equipment	20,233	25,088
Right-of-use lease assets	42,261	10,120
Infrastructure	<u>8,010,814</u>	<u>8,003,764</u>
Total capital assets (net)	\$ 27,812,050	\$ 22,469,131

The change in capital assets before depreciation expense was \$5,358,046. Total depreciation and amortization expense for 2024 was \$1,229,163 resulting in a net increase of \$4,128,883.

**Water Works District No. 3 of Rapides Parish
Tioga, Louisiana**

Management's Discussion and Analysis

Long-Term Debt

In December 2020, the District refinanced all outstanding bonds and in 2022 had a \$10.5 million bond issue to provide funding for a new treatment plant at well #9. The outstanding balance of all bonds at year-end 2024 is \$15,020,958, which includes a bond premium of \$1,002,307, and \$496,329 due within the next year.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report, the information it contains, or if you would like to request additional information, contact the District's main office at (318) 640-1379 and speak with Mr. Jimmy R. French, General Manager.

Basic Financial Statements

Water Works District No. 3 of Rapides Parish
Statement of Net Position
December 31, 2024

Exhibit A

Assets		
Cash and cash equivalents		\$ 3,756,576
Certificates of deposit and investments		10,231,374
Accounts receivable		
Water sales	562,317	
Other	<u>12,047</u>	574,364
Interest receivable		93,729
Inventories		410,358
Prepaid expenses		183,627
Restricted assets		
Restricted cash and cash equivalents	120,597	
Restricted certificates of deposit	<u>1,001,010</u>	1,121,607
Capital assets, net of depreciation and amortization		
Nondepreciable		
Construction in progress	6,661,454	
Land	367,369	
Depreciable		
Plant and equipment	12,281,151	
Buildings and improvements	139,050	
Vehicles	289,718	
Furniture, fixtures, and equipment	20,233	
Infrastructure	8,010,814	
Amortizable		
Right-of-use lease asset	<u>42,261</u>	27,812,050
Total Assets		<u>44,183,685</u>
Liabilities		
Accounts payable		161,735
Contracts payable		291,793
Accrued expenses		16,841
Bond interest payable		238,511
Restricted liabilities, payable from restricted assets		
Customers' meter deposits		520,597
Long-term liabilities		
Due within one year	514,314	
Due in more than one year	<u>14,549,694</u>	15,064,008
Total Liabilities		<u>16,293,485</u>
Net Position		
Net investment in capital assets		12,891,693
Restricted for		
Debt service	401,010	
Bond contingencies	<u>200,000</u>	601,010
Unrestricted		14,397,497
Total Net Position		<u><u>\$ 27,890,200</u></u>

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

Water Works District No. 3 of Rapides Parish
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2024

Exhibit B

Operating Revenues

Water sales	\$ 6,459,283
Delinquent surcharges	78,292
Connection fees	25,160
Other operating revenues	119,707
Total Operating Revenues	<u>6,682,442</u>

Operating Expenses

Administration	1,264,302
Purification	1,725,115
Distribution	1,388,389
Meter	108,782
Production	69,903
Wells	403,778
Depreciation and amortization	1,229,163
Total Operating Expenses	<u>6,189,432</u>

Operating Income (Loss) 493,010

Nonoperating Revenues (Expenses)

Investment income	682,348
Bond premium	64,302
Interest expense	(582,245)
Total Nonoperating Revenues (Expenses)	<u>164,405</u>

Change in Net Position Before Capital Contributions 657,415

Contributions in Aid of Construction 3,470,641

Change in Net Position 4,128,056

Total Net Position - Beginning of Year 23,762,144

Total Net Position - End of Year \$ 27,890,200

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

Water Works District No. 3 of Rapides Parish
Statement of Cash Flows
Year Ended December 31, 2024

Exhibit C
(Continued)

Cash Flows from Operating Activities

Receipts from customers	\$ 6,733,644
Payments to suppliers for goods and services	(2,279,553)
Payments to employees for services and benefit costs	(2,564,686)
Net Cash Provided by (Used in) Operating Activities	<u>1,889,405</u>

Net Cash Provided by (Used in) Noncapital Financing Activities

-

Cash Flows from Capital and Related Financing Activities

Acquisition and construction of capital assets	(6,169,088)
Contributions in aid of construction	3,470,641
Principal payments on bonds and leases	(458,993)
Interest paid on bonds and leases	(587,036)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(3,744,476)</u>

Cash Flows from Investing Activities

Investment income	645,386
Proceeds from maturities of investments	20,406,000
Purchase of investments	(20,115,038)
Net Cash Provided by (Used in) Investing Activities	<u>936,348</u>

Net Increase (Decrease) in Cash and Cash Equivalents

(918,723)

Cash and Cash Equivalents, Beginning of Year

4,795,896

Cash and Cash Equivalents, End of Year

\$ 3,877,173

Classified As:

Current assets	\$ 3,756,576
Restricted assets	120,597
Total	<u><u>\$ 3,877,173</u></u>

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

Water Works District No. 3 of Rapides Parish
Statement of Cash Flows
Year Ended December 31, 2024

Exhibit C
(Concluded)

**Reconciliation of Operating Income to Net Cash Provided
by (Used in) Operating Activities:**

Operating income (loss)	\$ 493,010
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation and amortization	1,229,163
Changes in assets and liabilities:	
Accounts and other receivables	82,133
Inventories	(63,012)
Prepaid expenses	(41,872)
Accounts payable	78,249
Accrued expenses	(55,916)
Compensated absences	135,569
Customers' meter deposits	32,081
Total Adjustments	<u>1,396,395</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 1,889,405</u></u>

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

**Water Works District No. 3 of Rapides Parish
December 31, 2024**

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

The financial statements of the Water Works District No. 3 of Rapides Parish (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and reporting framework and the more significant of the District's accounting policies are described below.

Reporting Entity

Upon the presentation of a petition by property owners to the Louisiana Legislature, the Rapides Parish Police Jury was made responsible for creating a water district to utilize certain water facilities at Camp Livingston, which had been abandoned. As a result, the District was created by an ordinance of the Rapides Parish Police Jury on February 8, 1949. The District provides water to 6,944 residential, commercial, governmental, public recreational area, industrial, and non-profit water system customers primarily in Ward 10 of Rapides Parish.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Generally, component units are legally separate organizations for which the elected officials or appointed board members of the primary government are financially accountable. Some of the criteria considered under "legally separate organization" are the capacity for the organization to have its own name, the right for the organization to sue and be sued in its own name without recourse to the primary government, and the right to buy, sell, lease, and mortgage property in its own name. Some of the criteria used to consider "financially accountable" include appointment of a voting majority of the organization's governing body, ability for primary government to impose its will on the organization, whether the organization has the potential to provide specific financial benefits to, or improve specific financial burdens on the primary government, and fiscal dependence of the organization. Based upon the application of these criteria, only the operating activities of the District are included in these financial statements.

The District operates autonomously from the other state or local governments, as a special purpose government that is fiscally independent. Fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt. Therefore, the District reports as an independent reporting entity. This report includes all funds, which are controlled by or dependent upon the District.

Fund Accounting

A fund is a separate accounting entity with a self-balancing set of accounts. The District only has one fund, which is classified as a proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Where goods or services are provided to outside parties, such as customers receiving water, the proprietary fund is considered an enterprise fund.

Water Works District No. 3 of Rapides Parish
December 31, 2024

Notes to Basic Financial Statements

Basis of Accounting

Proprietary funds account for operations that are primarily financed by user charges. All proprietary funds are accounted for using the accrual basis of accounting and on a flow of economic resources measurement focus. The economic resource focus is concerned with determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned, and expenses are recognized when incurred. Allocations of costs, such as depreciation and amortization, are recorded in proprietary funds.

With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 District's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, benefits paid, and depreciation and amortization on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

Cash includes amounts on hand, in demand deposits, interest-bearing demand deposits, and time deposits. For the purpose of the statement of cash flows, the District considers all highly liquid investments with original maturity of three months or less from date of acquisition to be cash equivalents, which includes certificates of deposit.

Certificates of Deposit and Investments

The certificates of deposit with maturities of greater than three months are valued at cost, which equals fair value.

Investments are reported at fair value. In establishing the fair value of investments, the District uses the following hierarchy. The lowest level of valuation available is used for all investments. U.S. treasury notes are Level 1 investments.

- Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the District has the ability to access.
- Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**Water Works District No. 3 of Rapides Parish
December 31, 2024**

Notes to Basic Financial Statements

Accounts Receivable

Bad debts arising from customers' water receivables are recognized by the direct charge-off method, whereby uncollectible accounts are written off upon delinquency as they are considered uncollectible. Minimum losses are sustained since the customer's meter deposit is applied to any unpaid balance. In the opinion of management, at December 31, 2024, all receivables were collectible, and an allowance for doubtful accounts was not considered necessary.

Inventories

Inventories consist of treatment chemicals, pipe, fittings, and other construction materials that are stated at the lower of average cost or market, primarily on a first-in, first-out basis.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepaid expenses.

Prepaid expenses consist of prepaid insurance, service contracts, and permits.

Restricted Assets

Certain proceeds are classified as restricted assets on the Statement of Net Position because applicable laws and regulations limit their use. Restricted assets of the proprietary fund include:

- 1) Meter funds (Meter Fund) are used to account for customers' meter deposits received from and returned to customers.
- 2) Capital Project funds (Capital Project Fund) are used to account for bond proceeds to be expended for construction, improvements, and extensions to the waterworks system and as otherwise provided in the bond resolution.
- 3) Water Revenue Bond Debt Service funds (Sinking Fund) are used to account for debt service funds, as required by the water revenue bond documents. Transfers are made monthly from the water district operating account, under a formula provided in the bond covenants.
- 4) The Depreciation and Contingencies fund (Contingencies Fund) is used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the water system, as required by the water revenue bond resolutions. Transfers are made monthly from the water district operating account until there has been accumulation of \$200,000 in the Contingencies Fund. The Contingencies Fund is currently at its maximum of \$200,000.

Capital Assets

Capital assets are stated at cost when purchased and at fair market value when donated to the District. Costs that extend the useful lives of capital assets beyond their initial estimated useful lives or improve their efficiency or capacity are capitalized, whereas costs for repairs and maintenance are expensed.

**Water Works District No. 3 of Rapides Parish
December 31, 2024**

Notes to Basic Financial Statements

Depreciation is computed using the straight-line method over the useful lives of capitalized assets. Amortization is computed using the straight-line method over the lease term.

Public domain ("infrastructure") capital assets consisting of water mains 2" to 20" in size, water meters, connections, and hydrants are capitalized.

The valuation basis for capital assets is historical cost, or when historical cost is not available, estimated historical cost. The District has adopted a minimum capitalization threshold for any individual item of \$5,000. There is no set threshold in which infrastructure capital assets are capitalized.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the current period.

Compensated Absences

Vacation not used by the end of the year is carried over to the next year. Employees can accumulate a maximum of forty hours that may be carried forward and taken in subsequent periods. Any unused sick leave may be carried forward and taken in subsequent periods. Compensated absences due within one year represent an estimate of the compensated absences that will be utilized within the next year.

Long-term Liabilities

All liabilities, including long-term debt, are included in the Statement of Net Position. Interest expense on long-term debt is recognized as the interest accrues, regardless of when it is due.

Net Position

Net position is reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Contributions in Aid of Construction

The District receives various contributions from customers, developers, and other governments in the ordinary course of business, relating to construction of waterlines and/or installation of taps and fire hydrants.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the management of the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Water Works District No. 3 of Rapides Parish
December 31, 2024

Notes to Basic Financial Statements

GASB Statement No. 101 Implementation

Effective for the year December 31, 2024, Water Works District No. 3 of Rapides Parish implemented GASB Statement No. 101, *Compensated Absences*. Implementation of this standard increases the usefulness of the financial statements by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

2. Cash and Cash Equivalents

At year end, the District's cash and cash equivalents were entirely covered by depository insurance or collateral held by the District or its agent in the District's name. Cash and cash equivalents are reported as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Petty cash and change funds	\$ 1,550	\$ -	\$ 1,550
Demand deposits	<u>3,755,026</u>	<u>120,597</u>	<u>3,875,623</u>
	\$ 3,756,576	\$ 120,597	\$ 3,877,173

3. Certificates of Deposit and Investments

The District may invest in United States bonds, treasury notes, or certificates of deposit at state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana, an investment as stipulated in Louisiana Revised Statute 39:1271, or any other federally insured investment.

At December 31, 2024, the District had certificates of deposit and investments totaling \$11,232,384, as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Book Balance</u>	<u>Market Value</u>
Certificates of deposit	\$ 298,990	\$ 1,001,010	\$ 1,300,000	\$ 1,300,000
U.S. treasury notes	<u>9,932,384</u>	<u>-</u>	<u>9,932,384</u>	<u>9,932,384</u>
	\$ 10,231,374	\$ 1,001,010	\$ 11,232,384	\$ 11,232,384

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have any deposits exposed to custodial credit risk.

Investments – Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of any outside party. U.S. treasury notes are securities of agencies of the U.S. Government that have an implied but not explicit guarantee. Therefore, the District does not have any investments exposed to custodial credit risk.

Water Works District No. 3 of Rapides Parish
December 31, 2024

Notes to Basic Financial Statements

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value will be to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2024, the District's investments in U.S. treasury notes matured in twelve months or less.

4. Accounts Receivable - Water Sales

Receivables arising from water services provided to customers consist of uncollected billings rendered to customers on monthly cycle billings and services provided to customers between billing cycles. At December 31, 2024, these receivables were as follows:

Uncollected cycle billings	\$ 360,936
Estimated services between cycles	<u>201,381</u>
	\$ 562,317

5. Inventories

Inventory at December 31, 2024, consists of the following:

Chemicals	\$ 161,967
Materials and supplies	<u>248,391</u>
	\$ 410,358

6. Restricted Assets

Restricted asset activity for the year ended December 31, 2024, was as follows:

	<u>Balance 12/31/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/24</u>
Meter Fund	\$ 488,516	\$ 58,822	\$ 26,741	\$ 520,597
Sinking Fund	401,635	963,300	963,925	401,010
Contingency Fund	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
	\$ 1,090,151	\$ 1,022,122	\$ 990,666	\$ 1,121,607

Water Works District No. 3 of Rapides Parish
December 31, 2024

Notes to Basic Financial Statements

7. Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	<u>Balance 12/31/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/24</u>
Capital assets, nondepreciable				
Construction in progress	\$ 711,764	\$ 6,180,089	\$ 230,399	\$ 6,661,454
Land	<u>367,369</u>	<u>-</u>	<u>-</u>	<u>367,369</u>
Total capital assets, nondepreciable	1,079,133	6,180,089	230,399	7,028,823
Other capital assets				
Plant and equipment	26,124,688	14,306	-	26,138,994
Buildings and improvements	1,090,366	-	-	1,090,366
Vehicles	1,108,904	138,326	-	1,247,230
Furniture, fixtures, and equipment	263,980	-	-	263,980
Infrastructure	<u>18,172,822</u>	<u>422,772</u>	<u>-</u>	<u>18,595,594</u>
Total other capital assets	46,760,760	575,404	-	47,336,164
Amortizable assets				
Right-of-use lease asset	38,535	46,988	22,871	62,652
Less				
Accumulated depreciation				
Plant and equipment	13,157,677	700,166	-	13,857,843
Buildings and improvements	927,914	23,402	-	951,316
Vehicles	887,341	70,171	-	957,512
Furniture, fixtures, and equipment	238,892	4,855	-	243,747
Infrastructure	<u>10,169,058</u>	<u>415,722</u>	<u>-</u>	<u>10,584,780</u>
Total accumulated depreciation	<u>25,380,882</u>	<u>1,214,316</u>	<u>-</u>	<u>26,595,198</u>
Accumulated amortization				
Right-of-use lease asset	<u>28,415</u>	<u>14,847</u>	<u>22,871</u>	<u>20,391</u>
Other capital assets, net	<u>21,389,998</u>	<u>(606,771)</u>	<u>-</u>	<u>20,783,227</u>
Net Capital Assets	\$ 22,469,131	\$ 5,573,318	\$ 230,399	\$ 27,812,050

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Plant and equipment	2-50 years
Buildings and improvements	10-40 years
Vehicles	2-10 years
Furniture, fixtures, and equipment	3-15 years
Infrastructure	5-50 years
Right-of-use lease asset	Lease term

Total depreciation and amortization expense for the year ended December 31, 2024, was \$1,229,163.

Water Works District No. 3 of Rapides Parish
December 31, 2024

Notes to Basic Financial Statements

8. Long-term Liabilities

The District, as lessee, has entered into lease agreements for computer, server, telephone, and copier equipment. As stated in Note 7, the total cost of the District's lease assets are recorded as \$62,652, less accumulated amortization of \$20,391.

The following changes occurred in long-term liabilities during the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$ 8,082	\$ 135,569	\$ -	\$ 143,651	\$ 42,029
Refunded Revenue Bond, Series 2020	4,235,000	-	370,000	3,865,000	380,000
Water Revenue Bond, Series 2022	10,020,000	-	10,000	10,010,000	10,000
Bond Premium	1,066,609	-	64,302	1,002,307	64,300
Lease Liability	10,838	46,903	14,691	43,050	17,985
	<u>\$ 15,340,529</u>	<u>\$ 182,472</u>	<u>\$ 458,993</u>	<u>\$ 15,064,008</u>	<u>\$ 514,314</u>

The change in the compensated absences liability is presented as a net change.

The annual requirements to amortize outstanding bonds, premiums, and lease liability are as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2025	\$ 472,285	\$ 577,118	\$ 1,049,403
2026	480,217	564,713	1,044,930
2027	488,536	549,511	1,038,047
2028	489,300	535,925	1,025,225
2029	504,300	523,125	1,027,425
2030-2034	2,692,459	2,408,500	5,100,959
2035-2039	3,106,289	1,854,750	4,961,039
2040-2044	3,926,289	1,044,900	4,971,189
2045-2047	<u>2,760,682</u>	<u>216,400</u>	<u>2,977,082</u>
	<u>\$ 14,920,357</u>	<u>\$ 8,274,942</u>	<u>\$ 23,195,299</u>

9. Net Position

Restricted Net Position

In accordance with the terms of security provisions and protective covenants for the Water Revenue Bonds issued during 2020 and 2022, the District has restricted \$401,010 of net position for debt service.

Also to comply with the revenue bond covenants, the District has restricted \$200,000 of net position for bond contingencies.

Water Works District No. 3 of Rapides Parish
December 31, 2024

Notes to Basic Financial Statements

Unrestricted Net Position

The change in unrestricted net position is as follows:

Balance, December 31, 2024	\$ 14,397,497
Less: Balance, December 31, 2023	<u>16,023,825</u>
Increase (Decrease)	\$ (1,626,328)

10. Pension Plan

Employees of the District are not covered under a State of Louisiana PERS plan. They are members of the social security system.

11. Deferred Compensation Plan

The District has a tax deferred compensation plan under section 457 of the Internal Revenue Code. This plan is administered by a third-party administrator. Under the terms of that plan, the District matches a limited portion of the employees' contribution. The District made contributions totaling \$53,150 for the year ended December 31, 2024.

12. Commitments and Contingencies

Construction Contracts

The District has planned construction or renovation of various capital assets as follows:

Project Name	Project Authorization	Expended to Date	Contract Liability	Remaining Authorization
Curtis Park	\$ 301,770	\$ 275,182	\$ 26,588	\$ -
20" Raw Water Main	8,800,000	5,958,361	265,205	2,576,434
Pax Mixers	59,268	59,268	-	-
Filtered and Settled Solids Containment System and Dewatering and Disposal System	<u>820,000</u>	<u>18,729</u>	<u>-</u>	<u>801,271</u>
	\$ 9,981,038	\$ 6,311,540	\$ 291,793	\$ 3,377,705

No further financing is expected to complete these authorized projects.

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage.

**Water Works District No. 3 of Rapides Parish
December 31, 2024**

Notes to Basic Financial Statements

Contingent Liability

The District entered into agreements with the Louisiana Department of Transportation and Development (LDOTD) for utility relocation assistance funding in 1986 with the understanding that these funds were not to be repaid. In 2010, the District received a request for payment of these funds in the amount of \$536,473. The District has not made any payments and continues to be in negotiations with the LDOTD regarding this funding.

13. Notes to Statement of Cash Flows

There were no material noncash capital, noncapital, financing, or investing activities that affected recognized assets or liabilities during the year. Interest in the amount of \$565,399 was paid in 2024.

Supplementary Information

**Water Works District No. 3 of Rapides Parish
Schedule of Compensation, Benefits, and Other Payments to
Agency Head or Chief Executive Officer
Year Ended December 31, 2024**

Schedule 1

Agency Head Name: Jimmy R. French, General Manager

Purpose	Amount
Salary	\$ 105,494
Benefits - insurance	19,603
Benefits - retirement	3,801
Benefits - Social Security	6,776
Benefits - Medicare	1,585
Benefits - worker's compensation	4,231
Vehicle provided by government	1,969
Reimbursements	2,000
Total	\$ 145,459

See independent auditor's report.

Water Works District No. 3 of Rapides Parish
Schedule of Revenues, Expenses, and Changes in
Net Position - Budget and Actual (Non-GAAP Basis)
Year Ended December 31, 2024

Schedule 2

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Water sales	\$ 5,879,304	\$ 6,459,283	\$ 579,979
Delinquent surcharges	65,000	78,292	13,292
Connection fees	35,000	25,160	(9,840)
Investment income	75,000	682,348	607,348
Bond premium	-	64,302	64,302
Other operating revenue	110,000	119,707	9,707
Totals	<u>6,164,304</u>	<u>7,429,092</u>	<u>1,264,788</u>
Expenses (Schedule 3)	<u>8,155,550</u>	<u>12,114,596</u>	<u>(3,959,046)</u>
Revenues Over Expenses	<u><u>\$ (1,991,246)</u></u>	<u><u>\$ (4,685,504)</u></u>	<u><u>\$ (2,694,258)</u></u>

The District's budget included \$1,750,000 from unrestricted net position. This appropriation resulted in a budget deficit of \$241,246.

Reconciliation of Change in Net Position

Revenues Over Expenses	\$ (4,685,504)
Plus:	
Capital additions	6,572,082
Contributions in aid of construction	3,470,641
Less:	
Depreciation	<u>(1,229,163)</u>
Change in Net Position (Exhibit B)	<u><u>\$ 4,128,056</u></u>

See independent auditor's report.

Water Works District No. 3 of Rapides Parish
Schedule of Expenses - Budget and Actual (Non-GAAP Basis)
Year Ended December 31, 2024

Schedule 3

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenses by Department			
Administration	\$ 1,217,750	\$ 1,264,302	\$ (46,552)
Purification	1,761,780	1,725,115	36,665
Distribution	1,281,520	1,388,389	(106,869)
Meter	104,975	108,782	(3,807)
Production	306,250	69,903	236,347
Wells	533,275	403,778	129,497
Interest expense	325,000	582,245	(257,245)
Capital additions	2,625,000	6,572,082	(3,947,082)
Totals	<u>\$ 8,155,550</u>	<u>\$ 12,114,596</u>	<u>\$ (3,959,046)</u>

See independent auditor's report.

**Water Works District No. 3 of Rapides Parish
Schedule of Per Diem Paid to Board Members
Year Ended December 31, 2024**

Schedule 4

	<u>Amount</u>
Collins, Gregory	\$ 5,059
Coody, Oscar	5,758
Flowers, Russell	6,111
Lavespere, Raymond L.	5,751
Lindsay, Elizabeth Q.	6,457
McKay, Billy	6,457
O'Neal, Don T.	5,931
Simpson, Marion Jr.	6,457
Williams, D. W.	<u>7,614</u>
Total	<u><u>\$ 55,595</u></u>

See independent auditor's report.

**Water Works District No. 3 of Rapides Parish
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024**

Schedule 5

Federal Grantor/ Pass-Through Grantor/ Program Name	Assistance Listing	Pass-through Grant Number	Federal Expenditures
United States Department of Treasury			
Passed through Louisiana Division of Administration			
Office of Community Development			
COVID-19--Coronavirus State and Local Fiscal Recovery Funds			
Water Sector Program	21.027	LAWSP10528	\$ 1,993,552
Total United States Department of Treasury			\$ 1,993,552

Notes:

The schedule of expenditures of federal awards includes the federal award activity of Water Works District No. 3 of Rapides Parish under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Water Works District No. 3 of Rapides Parish, it is not intended to and does not present the financial position, changes in net position, or cash flows of Water Works District No. 3 of Rapides Parish.

The schedule of expenditures of federal awards was prepared on the modified accrual basis of accounting. Note 1 to the financial statements provides additional information relative to Water Works District No. 3 of Rapides Parish's accounting policies.

Water Works District No. 3 of Rapides Parish did not elect to use the ten percent (10%) *de minimis* indirect cost rate allowed under the Uniform Guidance.

No federal funds were awarded to subrecipients during the year ended December 31, 2024.

See Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.

Other Information

**Water Works District No. 3 of Rapides Parish
Schedule of Current Water Rates (Unaudited)
Year Ended December 31, 2024**

Schedule 6

The District currently has the following rate structures:

Residential

0 to 3,000 gallons	\$ 30.45/month
All over 3,000 gallons	6.95/1,000 gallons
Aggregate dollar billed for services rendered	3,664,502
Average monthly billed per user	46.95

Commercial

0 to 5,000 gallons	\$ 38.70/month
All over 5,000 gallons	6.95/1,000 gallons
Aggregate dollar billed for services rendered	745,408
Average monthly billed per user	155.62

Governmental

0 to 50,000 gallons	\$ 193.50/month
All over 50,000 gallons	6.95/1,000 gallons
Aggregate dollar billed for services rendered	602,220
Average monthly billed per user	2,281.14

Public Recreational Areas

0 to 3,000 gallons	\$ 28.10/month
All over 3,000 gallons	6.95/1,000 gallons
Aggregate dollar billed for services rendered	16,011
Average monthly billed per user	233.51

Industrial

0 to 50,000 gallons	\$ 193.50/month
All over 50,000 gallons	5.60/1,000 gallons
Aggregate dollar billed for services rendered	1,456,958
Average monthly billed per user	10,117.76

Non-Profit Water Systems

0 to 50,000 gallons	\$ 193.50/month
All over 50,000 gallons	6.20/1,000 gallons
Aggregate dollar billed for services rendered	60,286
Average monthly billed per user	5,023.82

See independent auditor's report.

Water Works District No. 3 of Rapides Parish
Listing of Insurance in Force (Unaudited)
Year Ended December 31, 2024

Schedule 7

Per bond reporting requirements, the following insurance policies are in force at December 31, 2024:

The District has insurance through Allied World through November 15, 2025 for the following coverages:

Coverages:

Property

Real property & business personal property	\$ 20,327,992
Coverage extension	2,000,000
Mobile equipment	785,991

Commercial Crime

Employee theft (per occurrence)	250,000
Forgery or alteration (per occurrence)	250,000
Internal theft of money & securities (per occurrence)	250,000
Internal robbery & safe burglary (per occurrence)	100,000
Outside the premises (per occurrence)	250,000
Computer fraud (per occurrence)	250,000
Funds transfer fraud (per occurrence)	included in computer fraud
Money orders or fraudulent impersonation (per occurrence)	250,000

Commercial General Liability

Bodily injury, property damage, & medical expenses	3,000,000
Products/completed operations	3,000,000
Personal & advertising	1,000,000
Damage to premises rented to you (any one premises)	1,000,000
Medical expenses (any one person)	10,000

Public Officials and Management Liability

Wrongful acts (each claim)	1,000,000
Employment practices (each claim)	1,000,000
Employee benefit plans (each claim)	1,000,000

The District has insurance through Travelers Casualty and Surety Company through November 15, 2025 for the following coverages:

Coverages:

CyberRisk Crime

Employee theft (each claim)	\$ 1,000,000
ERISA fidelity (each claim)	1,000,000
Forgery or alteration (each claim)	1,000,000
On premises (each claim)	1,000,000
In transit (each claim)	1,000,000
Money orders and counterfeit money (each claim)	1,000,000
Computer fraud (each claim)	1,000,000
Funds transfer fraud (each claim)	1,000,000

The District has a workers compensation and employees liability insurance policy through LUBA Casualty Insurance Company through November 1, 2025 for the following coverages:

Coverages:

Bodily injury by accident (each accident)	\$ 1,000,000
Bodily injury by disease (each employee, policy limit)	1,000,000

See independent auditor's report.

**Other Reports Required by
*Government Auditing Standards***

**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***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**Independent Auditor's
Report on Internal Control Over
Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards**

To the Board of Commissioners
Water Works District No. 3 of Rapides Parish

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 Water Works District No. 3 of Rapides Parish (the District), Tioga, Louisiana, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 6, 2025.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.





PAYNE, MOORE & HERRINGTON, LLP

To the Board of Commissioners
Water Works District No. 3 of Rapides Parish

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*.

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.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

May 6, 2025

**Independent Auditor's Report
On Compliance for Each Major Program
and on Internal Control Over Compliance
Required by the Uniform Guidance**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**Independent Auditor's
Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required
by the Uniform Guidance**

To the Board of Commissioners
Water Works District No. 3 of Rapides Parish

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Water Works District No. 3 of Rapides Parish's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2024. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards general accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.





PAYNE, MOORE & HERRINGTON, LLP

To the Board of Commissioners
Water Works District No. 3 of Rapides Parish

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Commissioners
Water Works District No. 3 of Rapides Parish

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

May 6, 2025

Schedule of Findings and Questioned Costs

**Water Works District No. 3 of Rapides Parish
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	_____ Yes <u> X </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No
<i>Management's Corrective Action Plan</i>	Not applicable
<i>Management's Summary Schedule of Prior Audit Findings</i>	Not applicable
<i>Memorandum of Other Comments and Recommendations</i>	Not applicable

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	_____ Yes <u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes <u> X </u> None Reported
Type of auditor's report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ Yes <u> X </u> No

Identification of major programs:

Assistance Listing Number
21.027

Name of Federal Program or Cluster
COVID-19--Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No
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**Water Works District No. 3 of Rapides Parish
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024**

Section II – Findings Related to the Financial Statements

None.

Section III – Findings and Questioned Costs for Federal Awards

None.