

**WATERWORKS DISTRICT NO. 1
OF WARD 1 OF CALCASIEU
PARISH, LOUISIANA
Lake Charles, Louisiana**

**Annual Financial Report
June 30, 2025 and 2024**

**WATER WORKS DISTRICT NO. 1, WARD 1,
CALCASIEU PARISH, LOUISIANA
LAKE CHARLES, LOUISIANA**

FINANCIAL STATEMENTS AT JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Waterworks District No. 1 of Ward 1
of Calcasieu Parish, Louisiana
Lake Charles, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements Waterworks District 1 of Ward 1 of Calcasieu Parish, Louisiana, component unit of Calcasieu Parish Police Jury, as of and for the year ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Waterworks District 1 of Ward 1 of Calcasieu Parish, Louisiana'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 Waterworks District 1 of Ward 1 of Calcasieu Parish, Louisiana as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years 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 (GAAS) 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 Waterworks District 1 of Ward 1 of Calcasieu Parish, Louisiana 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 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.

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 Waterworks District 1 of Ward 1 of Calcasieu Parish, Louisiana'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 Responsibility 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 with GAAS 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, internal 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement 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 accounts 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 Waterworks District 1 of Ward 1 of Calcasieu Parish, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Waterworks District 1 of Ward 1 of Calcasieu Parish, Louisiana'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 on pages 4 through 7 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 my inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District 1 of Ward 1 of Calcasieu Parish, Louisiana's basic financial statements. The Schedules of Fixed Assets and Accumulated Depreciation, Schedule of Operating Expenses, Cash Balances, Schedule of Insurance in Force, Schedule of Rates, Schedule of Commissioner's Per Diem and Schedule of Compensation, Benefits and Other Payments is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards, as required by Title 2 of U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments and the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2025 on our consideration of the Waterworks District 1 of Ward 1 of Calcasieu Parish, Louisiana'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 Waterworks District 1 of Ward 1 of Calcasieu Parish, Louisiana'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 Waterworks District 1 of Ward 1 of Calcasieu Parish, Louisiana's internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
September 9, 2025

WATERWORKS DISTRICT NO. 1, WARD 1
CALCASIEU PARISH, LOUISIANA
Management’s Discussion and Analysis
For the year ended June 30, 2025

Our discussion and analysis of Waterworks District No. 1 of Ward 1's (District) financial performance provides an overview of the District’s financial activities for the year ended June 30, 2025. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

As a result of this year’s operations, assets exceeded liabilities by \$21,612,115 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$18,849,036. The net position increased by \$2,763,079.

Total net position is comprised of the following:

- (1) Capital assets, net of related debt, of \$17,428,207 included in property and equipment, net of accumulated depreciation, net of long-term debt.
- (2) The balance of unrestricted net position consists of \$4,183,908 which does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Total spending for all District activities was \$3,596,989 for the year, which is \$618,884 more than the previous year. Operating revenues for the year increased by \$71,405 and operating expenses increased \$618,884 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management’s Discussion and Analysis (MD&A); the Financial Section (basic financial statements); and Louisiana Required Supplemental Information. The financial section includes notes that disclose in more detail the financial operations and position than is presented in the financial statements.

The Comparative Statement of Net Position and the Comparative Statement of Revenues, Expenses and Change in Net Position (Activity) provide both long range and short-term information about the District’s overall financial status. The Comparative Statement of Net Position includes all assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). This financial section reports net assets and how they have changed.

FINANCIAL ANALYSIS AS A WHOLE

As stated previously, net position increased by \$2,763,079 as a result of this year's operations.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation and regulation, or contractual obligations decreased by \$145,394 from the previous fiscal year. The balance in net position represents the accumulated results of all past year's operations.

NET ASSETS - The table below summarizes the Comparative Statement of Net Position

Condensed Statement of Net Position - TABLE 1

	2025	2024	2023
Current Assets	\$ 5,729,280	\$ 5,770,521	\$ 5,346,975
Capital Assets	17,428,207	14,519,734	13,915,970
Total Assets	23,157,487	20,290,255	19,262,945
Current Liabilities	131,709	39,311	58,831
Long term debt			
Outstanding	-	-	-
Other liabilities	1,413,663	1,401,908	1,399,508
Total liabilities	1,545,372	1,441,219	1,458,339
Invested in Capital Assets net of Debt	17,428,207	14,519,734	13,915,970
Unrestricted	4,183,908	4,329,302	3,888,636
Total Net Position	<u>\$ 21,612,115</u>	<u>\$ 18,849,036</u>	<u>\$ 17,804,606</u>

CHANGES IN NET ASSETS - The table below summarizes the changes in Net Position

Condensed Statement of Revenues, Expenses, and Changes in Net Position
TABLE 2

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Income	\$ 4,261,209	\$ 4,189,804	\$ 3,824,315
Non-Operating Income	<u>2,877,001</u>	<u>695,803</u>	<u>12,799</u>
Total Revenue	7,138,210	4,885,607	3,837,114
Depreciation	778,142	863,072	808,279
Operating Expenses	3,596,989	2,978,105	2,632,872
Non-Operating Expenses	<u>-</u>	<u>-</u>	<u>26,369</u>
Total Expenses	<u>4,375,131</u>	<u>3,841,177</u>	<u>3,467,520</u>
Change in Net Position	<u>\$ 2,763,079</u>	<u>\$ 1,044,430</u>	<u>\$ 369,594</u>

CAPITAL ASSET ADMINISTRATION

CAPITAL ASSETS

The change in fiscal assets is disclosed in the notes to the financial statements. Significant capital additions were as follows:

- Meter Installations and Replacements - \$252,155
- Generator Well 5 - \$366,607
- Plant B Filter Banks - \$3,625,294
- Directional boring rig - \$151,445

CONTACTING MANAGEMENT

This Annual Financial Report is designed to provide our citizens, customers, and others with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Water Works District No. 1, Ward 1, Calcasieu Parish's Superintendent, Gerald Hoffpauir, 265 Parish Road, Lake Charles, LA, phone number 337 855-7250.

**WATER WORKS DISTRICT NO. 1, WARD 1,
CALCASIEU PARISH, LOUISIANA
MOSS BLUFF, LOUISIANA**

EXHIBIT A

**Comparative Statement of Net Position
At June 30, 2025 and 2024**

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Current Assets		
Cash and equivalent-unrestricted	\$ 4,754,120	\$ 4,962,191
Cash and equivalent-restricted	283,260	295,900
Accounts receivable	449,119	393,925
Grant receivable	145,974	-
Inventory-materials and supplies	96,807	118,505
Total Current Assets	<u>5,729,280</u>	<u>5,770,521</u>
Capital Assets		
Land	674,846	674,846
Construction in Progress	70,624	990,613
Depreciable assets	32,370,330	27,640,575
Less-Accumulated depreciation	<u>(15,687,593)</u>	<u>(14,786,300)</u>
Total Fixed Assets	<u>17,428,207</u>	<u>14,519,734</u>
Total Assets	<u>\$ 23,157,487</u>	<u>\$ 20,290,255</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 125,713	\$ 24,122
Payroll and sales taxes payable	<u>5,996</u>	<u>15,189</u>
Total Current Liabilities	<u>131,709</u>	<u>39,311</u>
 Other Liabilities		
Customer deposits -- payable from restricted assets	307,655	295,900
Due to State of Louisiana/Act 319	<u>1,106,008</u>	<u>1,106,008</u>
Total Other Liabilities	<u>1,413,663</u>	<u>1,401,908</u>
Total Liabilities	1,545,372	1,441,219
 Net Position		
Invested in capital assets, net of debt	17,428,207	14,519,734
Unrestricted	<u>4,183,908</u>	<u>4,329,302</u>
Total Net Position	<u>21,612,115</u>	<u>18,849,036</u>
Total Liabilities and Net Position	<u>\$ 23,157,487</u>	<u>\$ 20,290,255</u>

**WATER WORKS DISTRICT NO. 1, WARD 1,
CALCASIEU PARISH, LOUISIANA
MOSS BLUFF, LOUISIANA**

EXHIBIT B

**Comparative Statements of Revenue, Expenses and
Changes in Net Position for the years ended
June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Operating Revenue		
Water Sales	\$ 4,032,218	\$ 4,058,136
Tapping, connection, and meter fees	228,991	131,668
Total Operating Revenue	<u>4,261,209</u>	<u>4,189,804</u>
Operating Expenses		
Production and distribution	2,318,853	1,798,745
General and administrative	1,278,136	1,179,360
Total Operating Expenses	<u>3,596,989</u>	<u>2,978,105</u>
Operating Revenue before depreciation	664,220	1,211,699
Depreciation	<u>778,142</u>	<u>863,072</u>
Net Operating Income after depreciation	(113,922)	348,627
Non-Operating Revenue		
Interest	188,157	11,944
Gain on sale of assets	11,500	-
Grant and other support	2,677,344	683,859
Total Non-Operating Revenue	<u>2,877,001</u>	<u>695,803</u>
Net Increase in Net Position	2,763,079	1,044,430
Net Position beginning of the year July 1,	<u>18,849,036</u>	<u>17,804,606</u>
Net Position end of year June 30,	<u>\$ 21,612,115</u>	<u>\$ 18,849,036</u>

**Waterworks District No. 1 of Ward 1,
Calcasieu Parish, Louisiana
Moss Bluff, Louisiana
Statements of Cash Flows
For The Years Ended June 30,**

EXHIBIT C

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 4,206,015	\$ 4,135,745
Payments to suppliers and other	(2,191,467)	(1,704,495)
Payments to employees, benefits and payroll taxes	(1,268,902)	(1,234,314)
Net Cash Provided (Used) by Operating Activities	<u>745,646</u>	<u>1,196,936</u>
Cash Flows From Investing Activities:		
Interest income	<u>188,157</u>	<u>11,944</u>
Net Cash Provided (Used) by Investing Activities	<u>188,157</u>	<u>11,944</u>
Cash Flows From Capital and Related Financing Activities:		
Grant revenue and other revenues	2,531,370	683,859
Capital expenditures for plant and equipment	(3,697,639)	(1,486,331)
Increase (decrease) in customer deposits	<u>11,755</u>	<u>2,400</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,154,514)</u>	<u>(800,072)</u>
Net Increase (Decrease) in Cash	(220,711)	408,808
Cash and Cash Equivalents - Beginning of Year	<u>5,258,091</u>	<u>4,849,283</u>
Cash and Cash Equivalents - End of Year	<u><u>5,037,380</u></u>	<u><u>5,258,091</u></u>
Cash and Cash Equivalents:		
Cash - unrestricted	4,729,725	4,962,191
Cash - restricted	<u>307,655</u>	<u>295,900</u>
	<u><u>\$ 5,037,380</u></u>	<u><u>\$ 5,258,091</u></u>

**Waterworks District No. 1 of Ward 1,
Calcasieu Parish, Louisiana
Moss Bluff, Louisiana
Statements of Cash Flows (Continued)
For The Years Ended June 30,**

EXHIBIT C

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Net operating income after depreciation	\$ (113,922)	\$ 348,627
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization	778,142	863,072
Bad debts	22,524	19,495
Change in assets and liabilities:		
(Increase) decrease in receivables	(55,194)	(54,059)
(Increase) decrease in inventory	21,698	39,321
Increase (decrease) in accounts payable	101,591	(20,793)
Increase (decrease) in payroll and sales taxes payable	(9,193)	1,273
	<u>859,568</u>	<u>848,309</u>
Total Adjustments		
	<u>859,568</u>	<u>848,309</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 745,646</u>	<u>\$ 1,196,936</u>

**WATER WORKS DISTRICT NO. 1, WARD 1,
CALCASIEU PARISH, LOUISIANA
MOSS BLUFF, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS AT
JUNE 30, 2025 AND 2024**

The **Water Works District No. 1, Ward 1 of Calcasieu Parish** is an independent district created by the Calcasieu Parish Police Jury in 1973 in accordance with section 3811 of the Louisiana Revised Statutes. The District's commissioners are appointed for five-year staggered terms by the Calcasieu Parish Police Jury and serve at the pleasure of the Police Jury. The District has authority, as stipulated in the applicable Louisiana Statutes to set such rates as necessary and to provide potable water within its boundaries. The District is a corporate entity that can purchase land, sue, and be sued. The Police Jury exercises no control over the finances, rates, or operation of the District as specified in the enabling statutes. The District is governed by its Board of Commissioners and the day-to-day operations are conducted by a Superintendent and staff who serve at the pleasure of the Board of Commissioners. Water District No. 1's boundaries encompass the entire Calcasieu Parish area. The services provided by Water District No. 1 include a complete public water utility system of water purification, distribution, and customer accounting and collection.

The accounting and reporting policies of Water District No. 1 conform to generally accepted accounting policies applicable to state and local governments. The following significant accounting policies were applied in the preparation of the accompanying financial statements.

Note 1 **Summary of Significant Accounting Policies**

Reporting Entity

The financial statements include all accounts of the Water District No. 1's operations. According to GASB 61 *The Financial Reporting Entity*, the Water District is considered a component unit of the Calcasieu Parish Police Jury for financial reporting purposes.

Method of Accounting

On July 1, 2002, the Water District No. 1 adopted the provisions of Statement No. 34 of the Governmental Accounting Standards Board - "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*" Statement 34 established standards for external financial reporting for all state and local governmental entities that includes a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows.

Note 1

Summary of Significant Accounting Policies (Continued)

For Water District No. 1, the adoption of Statement No. 34 had no effect on the basic financial statements except for the classification of net assets in accordance with the Statement and the reflection of capital contributions as a change in net assets.

The financial statements of the Water District No. 1 are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

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 operating revenues of the Water District No. 1 come from metered sales to residential, industrial, and municipal customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of 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.

Funds

The District records, maintains and presents all its financial information and data using one fund. That fund is a proprietary fund as described above. The District presents its financial statements as a business type activity and there are no governmental type funds.

Deposits and Investments

Water District No. 1's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Water District No. 1's policy is that all surplus funds will be invested, where practical. Management's intent is to hold all investments to maturity. State law allows investments in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments are reported at fair value.

Note 1

Summary of Significant Accounting Policies (Continued)

Receivables and Payables

In the opinion of management all trade receivables are fully collectible. The opinion is based upon historical experience and a review of receivable balances. No allowance for uncollectible accounts has been provided.

Inventories and Prepaid Items

Materials and supplies inventory are valued at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. The commitments are not treated as expenses until a liability for payment is incurred but are merely used to facilitate effective budget control and cash planning and management. The Water District does not employ encumbrance accounting where a portion of the applicable appropriation is reserved for open purchase orders.

Capital Assets

Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Water District No. 1 maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Infrastructure fixed assets (water lines and systems) that are immovable and of value are reported in accordance with the Water District No. 1's policies. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not considered material and is not included as part of the capitalized value of assets constructed.

Note 1

Summary of Significant Accounting Policies (Continued)

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

Type of Asset	Service Life
Water Plant and Buildings	7-44 years
Transmission and Distribution System	3-44 years
Distribution and Maintenance	5-10 years
Administration and Office Buildings	25-30 years
Furniture and Equipment	3-8 years
Transportation Equipment	3 years

Compensated Absences

Water District No. 1 provides that employees may be away from work for vacation or for illness. Other types of leave-of-absence are provided for employees to fulfill personal obligations and other responsibilities.

Permanent employees earn paid vacations at their regular rate of pay, excluding overtime, after a period of one year of employment of one to three weeks based upon length of employment. Generally, vacation leave does not vest. Vacations must be taken by December 31st of each year.

Benefits considered more likely than not to be used or settled at termination are recognized in the financial statements.

Restricted Net Assets

On July 1, 2002, the Water District adopted the provisions of GASB Statement No. 34. Statement 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, statement of activities and changes in net assets and a statement of cash flows. It requires classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital asset, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets' component as proceeds.

Note 1

Summary of Significant Accounting Policies (Continued)

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws of regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - The component of net asset consist of net assets that do not meet definition of “restricted” or “invested in capital assets, net of related debt.”

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 that are either unusual in nature or infrequent in occurrence.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

Water District No. 1 has purchased commercial insurance to manage risk in the following areas: building and contents, machinery, general liability, commercial automobile, directors and officers liability coverage, excess directors and officer’s liability, public official bonding, public employees’ blanket bond, workmen’s compensation liability and employee health. There have been no significant reductions in insurance coverage in any area.

Note 2

Stewardship, Compliance and Accountability

Budget Information

The annual budget is a management tool that assists users in analyzing financial activity for the ensuing fiscal year. State law does not require a budget be adopted or reported for Enterprise Funds and; accordingly, no budget and actual comparisons are presented in this report.

Prior to the close of each fiscal year the Board adopts a proposed budget.

Note 3

Deposits with Financial Institutions and Investments

Deposits (demand deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. On June 30, 2025 and 2024, the carrying amounts of deposits were \$5,037,380 and \$5,257,291 and the bank balances were \$5,170,500 and \$5,344,530, respectively.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities. The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held by the pledging financial institution's trust department or agent, in the District's name.

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned. On June 30, 2025, the District had bank balances of \$5,170,500 in demand deposits. These deposits are secured from risk by \$305,498 in FDIC insurance and \$5,231,944 in pledged securities held in a custodial bank in the District's name.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP). The carrying amount of the District's investment in LAMP was \$-0- as of June 30, 2025.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having 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 LA – R.S. 33:2955.

GASB Statement No. 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, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM by Standard & Poor's. The District does not have credit risk policies for investments.

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.

Note 3

Deposits with Financial Institutions and Investments (Continued)

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 52 days as of June 30, 2025. The District does not have interest rate risk policies for investments.

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.

Note 4

Pension Plan

The Water Works District No. 1, Ward 1, 403(b) plan matches the employees' contributions (up to 10% of gross wages) to obtain purchase money annuities through New York Life Insurance Company. The District has no obligation other than that of paying the current year's liability. The District paid \$76,281 in fiscal year 2025 and \$70,396 in fiscal year 2024, as its contribution to the annuities. The District has no obligation for the annuity contracts held by New York Life past, current, or future. Further, the District management is under no obligation to continue its voluntary contributions to each employee's annuity contract.

Note 5

Restricted Cash

Restricted cash include monies restricted for refundable customer deposits.

Note 6 **Summary of the Changes in Fixed Assets**

Capital Asset activity for the fiscal year ended June 30, 2025 was as follows:

	Balance 6-30-24	Increases	Decreases	Balance 6-30-25
Land	\$ 674,846	\$ --	\$ --	\$ 674,846
Building	1,499,815	--	--	1,499,815
Water System	24,937,342	4,646,451	--	29,583,793
Furniture	95,066	--	--	95,066
Vehicles	467,642	39,885	138,855	368,672
Equipment	640,710	182,274	--	822,984
Total	\$ 28,315,421	\$	\$	\$ 33,045,176

Capital Asset activity for the fiscal year ended June 30, 2024 was as follows:

	Balance 6-30-2023	Increases	Decreases	Balance 6-30-24
Land	\$ 674,846	\$ --	\$ --	\$ 674,846
Building	1,470,516	29,299	--	1,499,815
Water System	24,557,331	380,011	--	24,937,342
Furniture	95,066	--	--	95,066
Vehicles	425,617	119,014	76,989	467,642
Equipment	602,458	38,252	--	640,710
Total	\$ 27,825,834	\$ 566,576	\$ 76,989	\$ 28,315,421

Note 7 **Due to State of Louisiana/Act 319**

This liability represents funds advanced to the District for the relocation of water lines due to highway expansion or relocation. This loan is non-interest bearing and is for an indefinite period of time. Traditionally, the State of Louisiana has made these loans and the governmental body is not expected to re-pay these loans. The Louisiana Department of Transportation (DOT) will not permit the District to locate any of its lines on state property until the debt is repaid. This restriction can be waived by the DOT and does when the health or welfare of the District's customers is affected.

Note 8 **Subsequent Events**

The District evaluated its June 30, 2025 financial statements for the subsequent events through the date the financial statements were available to be issued. The District is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Note 9 **Commitments and Contingencies**

The District received grant funds under the American Rescue Plan Act. In accordance with the grantor's policies, all funds disbursed should be in compliance with the specific terms of the grant agreement. The grantor, at its discretion, could require reimbursement for expenses or return of unexpended funds or property, as result of non-compliance by the District with the terms of the grant.

The District is involved in pending litigation. The District does not anticipate any losses with respect to such pending litigation as of June 30, 2025.

**WATER WORKS DISTRICT NO. 1, WARD 1,
CALCASIEU PARISH, LOUISIANA
MOSS BLUFF, LOUISIANA**

SCHEDULE 1

**SCHEDULE OF FIXED ASSETS AND
ACCUMULATED DEPRECIATION
AT JUNE 30, 2025**

	<u>Basis of Assets</u>			<u>Accumulated Depreciation</u>				
	<u>Balance 6/30/2024</u>	<u>Addition</u>	<u>Reduction</u>	<u>Balance 6/30/2025</u>	<u>Balance 6/30/2024</u>	<u>Current Depreciation</u>	<u>Reduction</u>	<u>Balance 6/30/2025</u>
Land	\$ 674,846	\$ -	\$ -	\$ 674,846	\$ -	\$ -	\$ -	\$ -
Building	1,499,815	-	-	1,499,815	643,914	39,263	-	683,177
Distribution System	12,406,758	654,553	-	13,061,311	5,067,454	286,387	(262,006)	5,615,847
Water Wells	1,080,677	366,607	-	1,447,284	478,459	61,851	-	540,310
Water Plant	8,021,066	3,625,292	-	11,646,358	5,586,371	212,597	-	5,798,968
Water Tank	3,428,840	-	-	3,428,840	2,169,126	52,886	-	2,222,012
Office Furniture	95,066	-	-	95,066	82,910	735	-	83,645
Vehicles	467,643	39,884	138,855	368,672	364,801	64,765	138,855	290,711
Equipment	640,710	182,274	-	822,984	393,265	59,658	-	452,923
Total	<u>\$ 28,315,421</u>	<u>\$ 4,868,610</u>	<u>\$ 138,855</u>	<u>\$ 33,045,176</u>	<u>\$ 14,786,300</u>	<u>\$ 778,142</u>	<u>\$(123,151)</u>	<u>\$ 15,687,593</u>

**WATER WORKS DISTRICT NO. 1, WARD 1,
CALCASIEU PARISH, LOUISIANA
MOSS BLUFF, LOUISIANA**

SCHEDULE 1A

**SCHEDULE OF FIXED ASSETS AND
ACCUMULATED DEPRECIATION
AT JUNE 30, 2024**

	<u>Basis of Assets</u>			<u>Accumulated Depreciation</u>				
	<u>Balance 6/30/2023</u>	<u>Addition</u>	<u>Reduction</u>	<u>Balance 6/30/2024</u>	<u>Balance 6/30/2023</u>	<u>Current Depreciation</u>	<u>Reduction</u>	<u>Balance 6/30/2024</u>
Land	\$ 674,846	\$ -	\$ -	\$ 674,846	\$ -	\$ -	\$ -	\$ -
Building	1,470,516	29,299	-	1,499,815	604,652	39,262	-	643,914
Distribution System	12,059,455	347,303	-	12,406,758	4,783,896	283,558	-	5,067,454
Water Wells	1,080,677	-	-	1,080,677	413,356	65,103	-	478,459
Water Plant	7,988,358	32,708	-	8,021,066	5,344,475	241,896	-	5,586,371
Water Tank	3,428,840	-	-	3,428,840	2,055,375	113,751	-	2,169,126
Office Furniture	95,066	-	-	95,066	82,910	-	-	82,910
Vehicles	425,618	119,014	76,989	467,643	371,190	70,600	76,989	364,801
Equipment	602,458	38,252	-	640,710	344,363	48,902	-	393,265
Total	<u>\$ 27,825,834</u>	<u>\$ 566,576</u>	<u>\$ 76,989</u>	<u>\$ 28,315,421</u>	<u>\$ 14,000,217</u>	<u>\$ 863,072</u>	<u>\$ 76,989</u>	<u>\$ 14,786,300</u>

**WATER WORKS DISTRICT NO. 1, WARD 1,
CALCASIEU PARISH, LOUISIANA
MOSS BLUFF, LOUISIANA**

SCHEDULE 2

**SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED
JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Production and Distribution:		
Personal Services	\$ 520,788	\$ 459,471
Repair & Maintenance:		
Equipment	8,404	23,346
Wells, plant & power	880,797	354,978
Taps & Lines	249,632	327,672
Power	222,752	196,291
Chemical	262,713	282,268
Truck	44,477	49,736
Supplies	3,055	4,994
Administrative fee to state for safe drinking water	126,235	99,989
Total production & distribution expenses	<u>2,318,853</u>	<u>1,798,745</u>
General and Administrative:		
Personal service-office	306,055	304,760
Personal service-meter reading	83,949	109,512
Insurance	212,139	195,993
Office operations	20,837	22,377
Computer maintenance and software	12,438	8,241
Payroll taxes	86,003	70,134
Communications	21,706	20,798
Legal and professional	36,878	30,638
Utilities	15,007	15,384
Postage	56,052	53,361
Meeting expenses and per diem	12,194	11,707
Billing and collection	17,280	15,988
Miscellaneous	17,270	1,916
Employees benefits	348,917	290,437
Janitorial	4,080	3,740
Conferences, workshops & certificates	4,807	4,879
Bad Debt	22,524	19,495
Total general & administrative expenses	<u>\$ 1,278,136</u>	<u>\$ 1,179,360</u>

**WATER WORKS DISTRICT NO. 1, WARD 1,
CALCASIEU PARISH, LOUISIANA
MOSS BLUFF, LOUISIANA**

SCHEDULE 3

CASH BALANCES AT JUNE 30, 2025

Detail of Cash Accounts:

Name of Bank	General Ledger	Bank Cash Balance
A. Jeff Davis Bank	\$ 49,593	\$ 55,498
B. Cash on Hand	800	-
C. Unclaimed funds	(56,412)	-
E. B1 Bank	5,006,020	5,074,234
H. B1 Bank Customer Deposits	37,379	40,768
Total	<u>\$ 5,037,380</u>	<u>\$ 5,170,500</u>

Division of Cash

Restricted:

A. Reserve for customer deposits	\$ 307,655
Total Restricted Cash	<u>307,655</u>

Unrestricted Cash

Total Restricted and Unrestricted Cash	<u>\$ 5,037,380</u>
--	---------------------

Pledged collateral and FDIC

<u>Bank</u>	<u>Total</u>	<u>FDIC</u>	<u>Collateral</u>	<u>(Over)/Short</u>
Jeff Davis	55,498	55,498	-	-
B1 Bank	5,115,002	250,000	5,231,944	(366,942)

**WATER WORKS DISTRICT NO. 1, WARD 1,
CALCASIEU PARISH, LOUISIANA
MOSS BLUFF, LOUISIANA**

SCHEDULE 4

**SCHEDULE OF COMMISSIONERS'
PER DIEM AND ATTENDANCE
FOR THE YEARS ENDED
JUNE 30, 2025 AND 2024**

Commissioners:	Expiration of term	2025		2024	
		Per Diem	Meetings Attended	Per Diem	Meetings Attended
Joshua Thomas	Sept. 2026	\$ 2,400	24	\$ 2,300	23
Donna DeBarge	Sept. 2026	2,300	23	2,100	21
Tim Aguillard	Sept. 2025	1,900	19	1,700	17
Earl O'Quinn III	Sept. 2025	2,200	22	2,300	23
Glen Franklin	Sept. 2024	<u>2,400</u>	<u>24</u>	<u>2,300</u>	<u>23</u>
Total Per Diem		<u>\$ 11,200</u>	<u>112</u>	<u>\$ 10,700</u>	<u>107</u>

**WATER WORKS DISTRICT NO. 1, WARD 1,
CALCASIEU PARISH, LOUISIANA
MOSS BLUFF, LOUISIANA**

SCHEDULE 5

**SCHEDULE OF INSURANCE IN FORCE
June 30, 2025**

Fire, Lightning and Extended Coverage:

Combined Limit:

Buildings and contents \$ 8,077,985

Comprehensive General and Automobile Liability:

Bodily Injury:

Each person 1,000,000
Aggregate 3,000,000
Each accident 1,000,000
Uninsured Motorist 500,000
Underinsured Motorist 500,000

Standard Workman's Compensation:

(Limits to \$100,000) 1,000,000

General Liability and Property Damage: 1,000,000

Crime Coverage

Per occurrence 100,000

Public Officials Liability 1,000,000

Pollution (Limited) Coverage

Each Occurrence 1,000,000
Aggregate \$ 3,000,000

**WATER WORKS DISTRICT NO. 1, WARD 1
CALCASIEU PARISH, LOUISIANA
MOSS BLUFF, LOUISIANA
June 30, 2025
SCHEDULE OF RATES**

SCHEDULE 6

A. Water Rate Classification and Schedule:

1. Class I - Residential - One (1) user on Owner's property	
Minimum for 0 to 2,000 gallons	\$20.50
Per 1,000 gallons thereafter	\$3.80
2. Class II - Commercial and Industrial	
Minimum for 0 to 3,000 gallons	\$29.00
Per 1,000 gallons thereafter	\$3.80
3. Class III - Trailer Parks and Apartments (Multiple users through one meter)	
Minimum for 0 to 2,000 gallons	\$21.50
Per 1,000 gallons thereafter	\$3.80

B. Deposits and Service Charges (Revised)

1. Deposits	
Residential	\$30.00
Residential (renter)	\$75.00
Commercial	\$75.00
Fire Hydrant Set Up	\$20.00
Industrial (to be determined by Waterworks No. 1)	-0-
2. Service Charges	
Turn on or transfer	\$15.00
After 4:30 p.m. or on weekends	\$30.00
Name change only	\$0.00
Collection charge	\$15.00
NSF Checks	\$20.00
Fire Hydrant Meter Rental (Per day) plus usage	\$30.00
Tapping Fee (5/8" X 3/4")	\$1,850.00
(1")	\$3,000.00
All other sizes (Cost of labor & materials)	

C. The System shall be operated on a fully metered basis.

D. No free service will be allowed.

E. No dual connection will be allowed (more than one user on a single meter) other than specified in classifications.

WATERWORKS DISTRICT 1 OF WARD 1 OF CALCASIEU PARISH, LOUISIANA

Schedule of Compensation, Benefits and Other Payments to the President of the Board of Commissioners

Year Ended June 30, 2025

Agency Head: Joshua Thomas, Board President

Purpose	Amount
Commissioner Fees	\$2,400
Benefits-insurance	0.00
Benefits-retirement	0.00
Benefits-Other	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00

Waterworks District No. 1 of Ward 1 of Calcasieu Parish, Louisiana
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2025

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Other Programs</i>			
Department of the Treasury			
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS			
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	Calcasieu Parish Police Jury	2,369,010
Total CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS			2,369,010
<i>Total Department of the Treasury</i>			<i>2,369,010</i>
<i>Total Other Programs</i>			<i>2,369,010</i>
<i>Total Expenditures of Federal Awards</i>			<i>\$ 2,369,010</i>

The accompanying notes are an integral part of this schedule

**WATERWORKS DISTRICT NO. 1 OF WARD 1
CALCASIEU PARISH, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FYE JUNE 30, 2025**

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana (the District) under programs of the federal government for the year ended June 30, 2025. 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 the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

STEVEN M. DEROUEN & ASSOCIATES, LLC

Certified Public Accountants

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

Board of Commissioners
Waterworks District No. 1 of Ward 1
of Calcasieu Parish, Louisiana
Lake Charles, Louisiana

We have audited, 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, the financial statements of Waterworks District No. 1 of Ward 1 of Calcasieu Parish, Louisiana as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Waterworks District No. 1 of Ward 1 of Calcasieu Parish, Louisiana's basic financial statements, and have issued our report thereon dated September 9, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waterworks District No. 1 of Ward 1 of Calcasieu Parish, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Waterworks District No. 1 of Ward 1 of Calcasieu Parish, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterworks District No. 1 of Ward 1 of Calcasieu Parish, Louisiana'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 may exist that have not been identified.

Board of Commissioners
Waterworks District No. 1 of Ward 1
of Calcasieu Parish, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterworks District No. 1 of Ward 1 of Calcasieu Parish, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
September 9, 2025

STEVEN M DEROUEN & ASSOCIATES LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Waterworks District No. 1 of Ward 1
Calcasieu Parish, Louisiana
Lake Charles, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana's 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 each of Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana's major federal programs for the year ended June 30, 2025. Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally 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 Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana 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 Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana compliance with the compliance requirements referred to above.

Board of Commissioners
Waterworks District No. 1 of Ward 1
Calcasieu Parish, Louisiana

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 Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana's federal programs.

Auditor 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 Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana'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, it would influence the judgment made by a reasonable user of the report on compliance about Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana's compliance with the requirements of each 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 Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana'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 Waterworks District No. 1 of Ward 1, Calcasieu Parish, Louisiana's internal control over compliance. Accordingly, no such opinion is expressed.

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.

Board of Commissioners
Waterworks District No. 1 of Ward 1
Calcasieu Parish, Louisiana

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 a 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. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
September 9, 2025

**WATERWORKS DISTRICT NO. 1 OF WARD 1
OF CALCASIEU PARISH, LOUISIANA
Lake Charles, Louisiana
Schedule of Findings and Questioned Costs
June 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued				Unmodified
Internal control over financial reporting:				
Material weakness identified?	___	Yes	___	No
Significant deficiency identified considered to be material weakness?	___	Yes	___	No
Noncompliance material to financial statements noted?	___	Yes	___	No

Federal Awards

Internal control over major programs:				
Material weaknesses identified?	___	Yes	___	No
Significant deficiency identified not considered to be material weaknesses?	___	Yes	___	None reported
Type of auditor’s report issued on compliance for major programs:				Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	___	Yes	___	No

Identification of major programs:

<u>Assistance</u>	<u>Name of Federal Program or Cluster</u>
<u>Listing Number</u> 21.027	Passed through the Calcasieu Parish Police Jury U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II – Prior Year Findings:

None reported.