

**SABINE PARISH WATERWORKS DISTRICT NO. 1
MANY, LOUISIANA**

**ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2025**

Sabine Parish Waterworks District No. 1
Many, Louisiana

September 30, 2025

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SABINE PARISH WATERWORKS DISTRICT NO. 1
MANY, LOUISIANA 71449

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Sabine Parish Waterworks District No. 1’s (hereafter referred to as the District) annual financial report presents an overview and analysis of the District’s financial activities for the year ended September 30, 2025. Certain comparative information with the previous year is presented to provide an overview of the District’s operations.

Financial Highlights

The Basic Financial Statements of the District report information about the District using Governmental Accounting Standards Board’s (GASB) accounting principles. The Statement of Net Position (page 8) includes all of the District’s assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to District creditors (liabilities). All of the current year’s revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position (page 9). This statement measures improvements in the District’s operations over the past year and can be used to determine whether the District has been able to recover all of its costs through its water service revenue and other revenue sources. The final required financial statement is the Statement of Cash Flows (page 10). The primary purpose of this statement is to provide information about the District’s cash from operations, investing and financing activities, and to provide answers to such questions as “where did cash come from?”, “what was cash used for?” and “what was the change in cash balance during the reporting period?”

Financial Analysis of the Sabine Parish Waterworks District No. 1

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District’s activities. These two statements report the net position of the District and changes in them. The District’s net position, the difference between assets and liabilities, is one way to measure the District’s financial health, or financial position. Over time, increases or decreases in the District’s net position is one indicator of whether its financial health is improving or deteriorating.

A summary of the District’s basic financial statements is as follows:

Summary of Statement of Net Position

	<u>2025</u>	<u>2024</u>
ASSETS:		
Assets	\$ 4,420,561	\$ 3,674,323
Capital Assets, Net of		
Accumulated Depreciation	<u>18,804,407</u>	<u>15,287,503</u>
Total Assets	<u>\$23,224,968</u>	<u>\$18,961,826</u>
LIABILITIES:		
Payables, Accruals and Other Liabilities	\$ 1,637,256	\$ 691,761
Long-Term Debt	<u>5,862,475</u>	<u>6,160,045</u>
Total Liabilities	<u>\$ 7,499,731</u>	<u>\$ 6,851,806</u>
NET POSITION:		
Net Investment in Capital Assets	\$12,941,932	\$ 9,127,458
Restricted for Debt Service	755,562	724,237
Unrestricted	<u>2,027,743</u>	<u>2,258,325</u>
Total Net Position	<u>\$15,725,237</u>	<u>\$12,110,020</u>

Summary of Statement of Revenue and Expenses

	<u>2025</u>	<u>2024</u>
REVENUES:		
Operating Revenues	\$2,508,625	\$2,330,242
Non-Operating Revenues	51,813	32,010
Capital Contributions & Grants	<u>3,878,148</u>	<u>2,647,494</u>
Total Revenues	<u>\$6,438,586</u>	<u>\$5,009,746</u>
EXPENSES:		
Operating Expenses	\$2,387,344	\$1,995,568
Loss on Unusable Wells	272,937	0
Interest	<u>163,088</u>	<u>162,890</u>
Total Expenses	<u>\$2,823,369</u>	<u>\$2,158,458</u>
Change in Net Position	<u>\$3,615,217</u>	<u>\$2,851,288</u>

Sources of Revenue

Charges for water service totaled \$2,508,625 or 39% of total revenue of the District for the year ended September 30, 2025.

Expenses

The majority of the District's total expenses is for payroll, maintenance, and depreciation. Salaries totaled \$391,530 which is 16% of total operating expenses. Maintenance totaled \$415,283 which is 17% of total operating expenses. Depreciation totaled \$826,236 which represents 35% of total operating expenses.

Capital Assets

The District's capital assets as of September 30, 2025 amounts to \$18,804,407 (costs of \$28,768,994 less accumulated depreciation of \$9,964,587). Capital assets include land, buildings, equipment, and the water distribution system. Total assets include \$8,375,033 in construction projects in progress.

Major capital asset events during the current fiscal year included the ongoing improvements to the water system and the Powhatan connection project.

Long-Term Debt

At the end of the current fiscal year, the District had total long-term liabilities of \$5,862,475, which included bonds payable in the amount of \$5,850,288. These bonds were issued for the purpose of constructing and acquiring the waterworks system. The payments on these bonds and the applicable bond covenants are made on a timely basis.

Economic Factors

The District's major revenue source is from water sales. The District does not anticipate any significant changes for future years.

Contacting the Waterworks District's President

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or requests for additional information, contact the District's President at Post Office Box 660, Many, LA 71449.

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
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INDEPENDENT AUDITORS' REPORT

Mr. Walter Mains, President
and Members of the Board
Sabine Parish Waterworks District No. 1
Many, Louisiana 71449

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and major fund information of the Sabine Parish Waterworks District No. 1 (District), a component unit of the Sabine Parish Police Jury, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and major fund information of the District as of September 30, 2025, 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 Opinion

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 and the *Louisiana Governmental Audit Guide*. 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 related 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, 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.

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

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

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

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

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

Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 1 through 3) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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 Management's Discussion and Analysis 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 it 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 District's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is required by Louisiana R.S. 24:513(A)(3), and 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 be 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 to Agency Head 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 March 25, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Uniform Guidance, we have issued a report, dated March 25, 2026, on the results of our examination engagement performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the results of the examination on the compliance requirements for an Alternative SLFRF Compliance Examination for Recipients that would otherwise be required to undergo a Single Audit as a result of receiving SLFRF awards.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

March 25, 2026

FINANCIAL STATEMENTS

Sabine Parish Waterworks District No. 1
Statement of Net Position
Proprietary Fund
September 30, 2025

ASSETS:

Current Assets-

Cash & Cash Equivalents	\$ 1,905,645
Receivables, less Allowance for Bad Debts	1,604,706
Prepaid Expenses	<u>49,384</u>
Total Current Assets	<u>\$ 3,559,735</u>

Restricted Assets-

Cash & Cash Equivalents	\$ <u>755,562</u>
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Capital Assets-

Land & Improvements	\$ 375,693
Buildings & Improvements	442,607
Water Distribution System	18,505,997
Furniture, Machinery & Equipment	1,069,664
Construction in Progress	8,375,033
Accumulated Depreciation	<u>(9,964,587)</u>
Total Capital Assets	<u>\$18,804,407</u>

Other Assets-

Unamortized Bond Costs, net	\$ 98,536
Utility Deposits	<u>6,728</u>
Total Other Assets	<u>\$ 105,264</u>

Total Assets	<u>\$23,224,968</u>
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LIABILITIES & NET POSITION:

Current Liabilities-

Accounts Payable & Accruals	\$ <u>1,591,365</u>
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Liabilities Payable from Restricted Assets-

Customer Deposits	\$ 45,891
Current Portion of Long-Term Debt	<u>223,032</u>
Total Payable from Restricted Assets	<u>\$ 268,923</u>

Non-Current Liabilities-

Long-Term Debt, net of current portion	\$ <u>5,639,443</u>
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Total Liabilities	<u>\$ 7,499,731</u>
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Net Position-

Net Investment in Capital Assets	\$12,941,932
Restricted for Debt Service	755,562
Unrestricted	<u>2,027,743</u>
Total Net Position	<u>\$15,725,237</u>

See independent auditors' report and notes to the financial statements.

Sabine Parish Waterworks District No. 1
Statement of Revenues, Expenses and Changes in Net Position-
Proprietary Fund
For the Year Ended September 30, 2025

OPERATING REVENUES:	
Charges for Services	\$ 2,502,790
Miscellaneous	<u>5,835</u>
Total Operating Revenues	<u>\$ 2,508,625</u>
OPERATING EXPENSES:	
Advertising	\$ 5,239
Amortization	10,708
Administrative Services	23,585
Bad Debts	8,125
Computer Services	38,052
Depreciation	826,236
Fuel & Gas	43,349
Insurance & Bonds	108,933
Legal & Accounting	34,808
Materials & Supplies	84,128
Miscellaneous	21,109
Office Supplies & Other	50,527
Payroll	391,530
Taxes	34,461
Professional Services	25,200
Rent	18,000
Repairs & Maintenance	415,283
Telephone	5,993
Utilities	213,203
Water Purchased	<u>28,875</u>
Total Operating Expenses	<u>\$ 2,387,344</u>
Operating Income	<u>\$ 121,281</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	\$ 43,958
Lease Income	7,855
Loss on Unusable Wells	(272,937)
Interest Expense	<u>(163,088)</u>
Total Non-operating Revenues (Expenses)	<u>\$ (384,212)</u>
Loss before Capital Contributions	\$ (262,931)
CAPITAL CONTRIBUTIONS:	
Capital Contributions & Grants	<u>3,878,148</u>
Change in Net Position	\$ 3,615,217
Net Position-Beginning of Year	<u>12,110,020</u>
Net Position-End of Year	<u>\$15,725,237</u>

See independent auditors' report and notes to the financial statements.

Sabine Parish Waterworks District No. 1
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 2,471,999
Cash Payments to Suppliers for Goods and Services	(1,150,120)
Cash Payments to Employees	<u>(390,809)</u>
Net Cash Provided by Operating Activities	\$ <u>931,070</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Capital Contributions & Debt	\$ 3,371,554
Principal Paid on Capital Debt	(297,570)
Interest Paid on Capital Debt	(163,088)
Acquisition and Construction of Capital Assets	<u>(3,683,462)</u>
Net Cash Used by Capital and Related Financing Activities	\$ <u>(772,566)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	\$ <u>43,958</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Rental Income	\$ <u>7,855</u>
Net Increase in Cash and Cash Equivalents	\$ 210,317
Cash and Cash Equivalents-Beginning of Year	<u>2,450,890</u>
Cash and Cash Equivalents-End of Year	\$ <u>2,661,207</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income	\$ 121,281
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities-	
Depreciation & Amortization	836,944
Changes in Assets and Liabilities-	
(Increase) Decrease in Customer Receivables	(34,185)
(Increase) Decrease in Prepaids	(3,267)
Increase (Decrease) in Accounts Payable/Accruals	12,738
Increase (Decrease) in Customer Deposits	<u>(2,441)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>931,070</u>
RECONCILIATION OF CASH & CASH EQUIVALENTS:	
Cash & Cash Equivalents	\$1,905,645
Restricted Cash	<u>755,562</u>
Total	\$ <u>2,661,207</u>

See independent auditors' report and notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2025

INTRODUCTION

The Sabine Parish Waterworks District No. 1, a political subdivision of the Sabine Parish Police Jury, was formed July 17, 1978, to provide water to the rural areas surrounding Many and Florien. It is operated by a board which consists of five commissioners appointed by the Police Jury to serve five-year terms (changed from original nine commissioners effective August 19, 2015). Effective October 1, 2017, the District acquired the Robeline-Marthaville Water System, pursuant to a Sale with Assumption of Liabilities executed on September 28, 2017. In 2021 and 2022, the District also acquired the water systems for the areas of Ajax and Powhatan, Louisiana.

1. Summary of Significant Accounting Policies:

A. Basis of Presentation-

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (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.

B. Reporting Entity-

As the governing authority of the parish, for reporting purposes, the Sabine Parish Police Jury is the financial reporting entity for Sabine Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Sabine Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.
2. Organizations for which the Sabine Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Sabine Parish Police Jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2025

Because the Sabine Parish Police Jury appoints the organization's governing body, and the ability of the Sabine Parish Police Jury to impose its will on the District, the District was determined to be a component unit of the Sabine Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Sabine Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting-

The District uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Sabine Parish Waterworks District No. 1, uses an enterprise fund type of the proprietary fund category to account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Basis of Accounting-

The accounting and financial treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The proprietary fund uses the accrual basis of accounting; revenues are recognized when earned, and expenses are recognized at the time the related liabilities are incurred.

E. Cash and Cash Equivalents-

Under State law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The District may also purchase investments in securities backed by the full faith and credit of the United States Government. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts.

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2025

F. Compensated Absences-

Full-time employees of the District earn annual leave at various rates depending on the number of years in service. Leave cannot be accumulated or carried over from one year to the next. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

G. Capital Assets-

The capital assets of the District enterprise fund are carried at historical costs and are included on the Statement of Net Position, along with accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized. Depreciation of all exhaustible capital assets used by the enterprise fund operation is charged as an expense against operations. Depreciation has been computed using the straight-line method over the estimated useful lives of the assets, which is generally 10 to 40 years for buildings and building improvements, 7 to 40 years for the distribution system, 5 years for automobiles, and 5 to 10 years for machinery and equipment.

H. Bad Debts-

Uncollectible amounts due for customer's water receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectible portion of the particular receivable. Allowance for bad debts at September 30, 2025 was \$90,083.

I. Unamortized Bond Issue Costs-

Prior year bond issue costs and bond discounts are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method. The amortization expense related to deferred debt expense was \$10,708 for the year ended September 30, 2025.

J. 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.

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2025

K. Net Position-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expenses.

L. Receivables-

All receivables are reported at their gross value, and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

2. Cash and Cash Equivalents:

At September 30, 2025, the District had cash and cash equivalents (book balances) totaling \$2,661,207, including \$755,562 in cash restricted for debt service. Cash and cash equivalents are stated at cost, which approximates market.

The cash and cash equivalents of the District are subject to the following risk:

2. Cash and Cash Equivalents (continued):

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2025

At September 30, 2025, the District had collected bank balances totaling \$2,745,169. These deposits were secured as follows:

Cash and Cash Equivalents	\$ 2,745,169
FDIC	(356,592)
Pledges Securities and Standby Letter of Credit	<u>(2,388,577)</u>
Amount Unsecured	<u>\$ 0</u>

3. Accounts Receivable:

At year-end, the District has receivables in the amount of \$1,604,706, consisting of the following:

Customer Receivables	\$ 313,710
Less Allowance for Doubtful Account	(90,083)
Accrued Water Revenue	92,388
Other Receivables	1,521
Grants Receivable	<u>1,287,170</u>
Total	<u>\$1,604,706</u>

4. Restricted Assets:

At September 30, 2025, Sabine Parish Waterworks District No. 1 had the following restricted assets:

Cash and Cash Equivalents Restricted for Debt Service	<u>\$755,562</u>
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5. Compensation of Board Members:

Compensation paid to individual board members for the year ended September 30, 2025, is as follows:

Walter Mains, President	\$ 2,250
Charles Pennington	2,100
David Mains	2,250
David Davis	1,650
Keith Broussard	<u>1,800</u>
Total	<u>\$10,050</u>

6. Risk Management and Litigation:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the District's insurance coverage.

The District's management is not aware of any potential judgments, claims or similar contingencies pending at September 30, 2025.

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2025

7. Capital Assets:

Capital assets and depreciation activity as of and for the year ended September 30, 2025, is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Capital Assets, not being depreciated				
Land	\$ 233,457	\$ 139,452	\$ -	\$ 372,909
Construction in Progress	<u>4,603,862</u>	<u>4,169,032</u>	<u>397,861</u>	<u>8,375,033</u>
Total Capital Assets, not depreciated	<u>\$ 4,837,319</u>	<u>\$ 4,308,484</u>	<u>\$ 397,861</u>	<u>\$ 8,747,942</u>
Capital Assets, being depreciated				
Land Improvements	\$ 2,784	\$ -	\$ -	\$ 2,784
Distribution System & Wells	18,381,073	124,924	-	18,505,997
Building & Improvements	452,515	-	9,908	442,607
Furniture, machinery and equipment	<u>828,011</u>	<u>307,541</u>	<u>65,888</u>	<u>1,069,664</u>
Total Capital Assets, depreciated	<u>\$ 19,664,383</u>	<u>\$ 432,465</u>	<u>\$ 75,796</u>	<u>\$ 20,021,052</u>
Total Asset Costs	<u>\$ 24,501,702</u>	<u>\$ 4,740,949</u>	<u>\$ 473,657</u>	<u>\$ 28,768,994</u>
Accumulated Depreciation:				
Land Improvements	\$ 2,784	\$ -	\$ -	\$ 2,784
Distribution System	8,667,302	719,444	-	9,386,746
Building & Improvements	92,480	12,406	9,908	94,978
Furniture, machinery and equipment	<u>451,581</u>	<u>94,386</u>	<u>65,888</u>	<u>480,079</u>
Total Accumulated Depreciation	<u>\$ 9,214,147</u>	<u>\$ 826,236</u>	<u>\$ 75,796</u>	<u>\$ 9,964,587</u>
Total Capital Assets, net	<u>\$ 15,287,555</u>	<u>\$ 3,914,713</u>	<u>\$ 397,861</u>	<u>\$ 18,804,407</u>

Depreciation expense of \$826,236 was recorded for the year ended September 30, 2025.

8. Long-Term Debt:

The following is a summary of the long-term debt obligations of the Sabine Parish Waterworks District No. 1 for the year ended September 30, 2025.

	<u>Balance</u> <u>10/1/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2025</u>	<u>Due In</u> <u>One Year</u>
Revenue Bonds series 2013	\$4,094,858	\$ 0	\$ 84,570	\$4,010,288	\$ 95,845
Revenue Bonds series 2015	458,000	0	35,000	423,000	36,000
Revenue Bonds series 2018	1,595,000	0	178,000	1,417,000	79,000
Utility Relocation 1984	1,847	0	0	1,847	1,847
Utility Relocation 2009-Hwy 175	4,726	0	0	4,726	4,726
Utility Relocation 2005-Hwy 171	<u>5,614</u>	<u>0</u>	<u>0</u>	<u>5,614</u>	<u>5,614</u>
Total	<u>\$6,160,045</u>	<u>\$ 0</u>	<u>\$297,570</u>	<u>\$5,862,475</u>	<u>\$223,032</u>

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2025

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>
Revenue Bonds series 2013	2.7500%	2053	\$4,902,000
Revenue Bonds series 2015	2.9500%	2035	\$ 700,000
Revenue Bonds series 2018	2.9500%	2035	\$2,600,000
Utility Relocation 1984	0.0000%	On Demand	\$ 18,475
Utility Relocation 2009-Hwy 175	0.0000%	On Demand	\$ 47,263
Utility Relocation 2005-Hwy 171	0.0000%	On Demand	\$ 119,935

The annual debt service requirements to maturity for these loans are as follows:

<u>Year Ending September 30</u>	<u>Long-Term Debt Principal</u>	<u>Long-Term Debt Interest</u>	<u>Total</u>
2026	\$ 223,032	\$ 149,031	\$ 372,063
2027	216,522	143,736	360,258
2028	223,276	138,282	361,558
2029	229,106	132,668	361,774
2030	235,015	126,906	361,921
2031-2035	1,282,640	542,030	1,824,670
2036-2040	1,198,580	390,450	1,589,030
2041-2045	766,221	260,259	1,026,480
2046-2050	879,436	147,044	1,026,480
2051-2055	<u>608,647</u>	<u>27,075</u>	<u>635,722</u>
Total	<u>\$5,862,475</u>	<u>\$2,057,481</u>	<u>\$7,919,956</u>

9. Flow of Funds, Restriction on Use:

Under the terms of the bond indentures relating to Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the District are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special accounts:

- (i) Out of revenue, to the "Operations and Maintenance Account", an amount sufficient to provide for expenses of the system.
- (ii) Each month, there should be set aside into an account called the "Sinking Fund", an amount constituting 1/12 of the next maturing yearly installment principal and interest payments. These funds can only be used for payment of bond principal and interest.
- (iii) There should also be set aside into a "Reserve Fund", an amount equal to 25% (for series 2013, 2015 and 2018) of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Fund an amount equal to the maximum principal and interest requirements in any one maturity year.
- (iv) For series 2013, the District must deposit into a "Short Lived Assets Fund", an amount equal to \$1,892 per month. The money in the Short Lived Assets Fund shall be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system. Such payments are to continue over the life of the Bonds.

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2025

- (v) For series 2013 and 2015, the District must deposit into a “Depreciation and Contingency Fund”, an amount equal to 5% of the amount paid into the Sinking Fund until the fund accumulates an amount equal to \$200,000. The money in the Depreciation and Contingencies Fund shall be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. Such payments are to continue over the life of the Bonds.
- (vi) For series 2018, the District must deposit into a “Depreciation and Contingency Fund”, an amount equal to 5% of the amount paid into the Sinking Fund until the fund accumulates an amount equal to \$300,000. The money in the Depreciation and Contingencies Fund shall be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. Such payments are to continue over the life of the Bonds.

10. Relocation Loans – State of Louisiana:

The Sabine Parish Waterworks District No. 1 was authorized to receive funds from the Department of Transportation and Development for the relocation of utility lines on State Projects. Act 319 of 1981 contains the following sentence: “If the Office of Highways provides for the removal or relocation, the municipality, parish or special district shall henceforth be prohibited from locating a utility installation in any state owned right of way until the municipality, parish or special district reimburses the state for the cost of the removal or relocation.”

11. Related Party Transactions:

Sabine Parish Waterworks District No. 1 has entered into separate Cooperative Endeavor Agreements with the Village of Robeline and the Village of Powhatan, whereby the customers of the Robeline-Marthaville Water System and the Powhatan Water System were transitioned to members of the Sabine Parish Waterworks District No. 1. The District provides billing for water usage and sewage fees. The sewage fees are collected by the District and remitted to the appropriate Villages on a monthly basis. The District is entitled to retain \$3 per sewer customer as compensation for the billing, collection, and remittance to the respective Villages.

During the current year, remittances to the Village of Robeline and the Village of Powhatan for sewage collections totaled \$14,297 and \$32,207, respectively. The collection fees retained by the District totaled \$5,835 for the current year.

12. Operating Lease:

The Sabine Parish Waterworks District No. 1 is obligated under an operating lease with Calvin Dale Miller and Janet R. Miller for the well site located in Florien, Louisiana. The lease agreement was executed on August 1, 2012, with terms for so long as the water produced from the wells on the leased premises fully complies with the health standards prescribed by the State of Louisiana for the amount of water produced from such wells, or a period of 99 years, whichever occurs first, unless sooner terminated by the mutual agreement of the parties. The consideration is the payment of \$1,500 per month for the term of the lease. Due to the perpetual nature of this agreement, this contract is not within the scope of GASB 87.

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2025

13. USDA Required Information on Operations:

Insurance coverage in force at September 30, 2025 was as follows:

a. Commercial General Liability (effective 4/26/25 to 4/26/26):

Stiel Insurance of Acadiana, Inc.	#GPNU-PF-0011015-03
General Aggregate Limit (Bodily Injury, Property Damage & Medical Expenses)	\$ 3,000,000
Products/Completed Operations Aggregate Limit	\$ 3,000,000
Personal Injury Limit	\$ 1,000,000
Each Occurrence Limit	\$ 1,000,000
Damage to Premises Rent to You Limit (Any One Premises)	\$ 1,000,000
Medical Expenses Limit (Any One Person)	\$ 10,000

b. Automobile Liability (effective 4/26/24 to 4/26/25):

Stiel Insurance of Acadiana, Inc.	#GPNU-PF-0011015-03
Combined Single Limit (each accident)	\$ 1,000,000

c. Excess Liability (effective 4/26/24 to 4/26/25):

Stiel Insurance of Acadiana, Inc.	#GPNU-PF-0011015-03
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000

d. Workers Compensation and Employers' Liability (effective 6/12/24 to 6/12/25):

Louisiana Workers' Compensation Corporation	#144610
Bodily Injury by Accident (each)	\$ 1,000,000
Bodily Injury by Disease (policy limit)	\$ 1,000,000
Bodily Injury by Disease (each employee)	\$ 1,000,000

e. Property & Equipment (effective 4/26/24 to 4/26/25):

Stiel Insurance of Acadiana, Inc.	#GPNU-PF-0011015-03
Per listing of properties	\$ 7,713,844

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2025

13. USDA Required Information on Operations (continued):

Revenues were derived from the sale of water at the following rates that were in effect as of September 30, 2025:

CODE	DESCRIPTION	BASE RATE	AFTER BASE RATE
100	RESIDENTIAL ROUTE	\$35.00/1,000	\$5.00/1,000
101	RESIDENTIAL #1	\$35.00/1,000	\$5.00/1,000
102	RESIDENTIAL #2	\$35.00/1,000	\$5.00/1,000
103	RESIDENTIAL #3	\$35.00/1,000	\$5.00/1,000
104	RESIDENTIAL #4	\$35.00/1,000	\$5.00/1,000
105	RESIDENTIAL #5	\$35.00/1,000	\$5.00/1,000
106	RESIDENTIAL #6	\$35.00/1,000	\$5.00/1,000
107	RESIDENTIAL #7	\$35.00/1,000	\$5.00/1,000
108	RESIDENTIAL #8	\$35.00/1,000	\$5.00/1,000
109	WATER RESIDENTIAL W/COMM	\$82.00/15,000	\$5.00/1,000
110	AJAX WATER RESIDENTIAL #9	\$35.00/1,000	\$5.00/1,000
111	WATER RESIDENTIAL #11 POWH	\$36.00/2,000	\$7.50/1,000
112	WATER RESIDENTIAL #12 POWH	\$36.00/2,000	\$7.50/1,000
113	WATER COMMERCIAL POWHATAN	\$125.00/2,000	\$9.00/1,000
114	WATER NON RESIDENTIAL #4	\$35.00/1,000	\$5.00/1,000
115	WATER NON RESIDENTIAL #5	\$35.00/1,000	\$5.00/1,000
116	WATER NON RESIDENTIAL #6	\$35.00/1,000	\$5.00/1,000
117	WATER NON RESIDENTIAL #7	\$35.00/1,000	\$5.00/1,000
118	WATER NON RESIDENTIAL #8	\$35.00/1,000	\$5.00/1,000
128	COMMERCIAL WATER	\$82.00/15,000	\$5.00/1,000
132	WHOLESALE ROAD CONSTRUCTION	\$35.00/1,000	\$3.33/1,000
133	WATER WHOLESALE TOWN OF MANY		\$3.60/1,000
134	WATER WHOLESALE EBARB		\$3.60/1,000
135	WATER WHOLESALE CONSTRUCTION	\$35.00/1,000	\$5.00/1,000
136	WATER WHOLESALE SOUTH TOLEDO		\$3.60/1,000
141	WATER AG RATE	\$35.00/1,000	\$3.60/1,000

At September 30, 2025, the District's active water utility customers consisted of the following:

Residential	2,398
Wholesale/Commercial	23
Agricultural	20
Non-Residential	77

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2025

14. Board of Directors:

The Board of Directors of Sabine Parish Waterworks District No. 1 at September 30, 2025, consisted of the following individuals:

<u>Name, Address, Telephone</u>	<u>Title</u>	<u>Term Expires</u>
Walter Mains 4415 Marthaville Road, Many, LA 71449 318-663-5187	President	08/2027
Charles Pennington P. O. Box 9, Florien, LA 71429 318-294-5453	Vice-President	08/2026
David Mains 331 Cedar Lane, Many, LA 71449 318-256-0074	Secretary/Treasurer	08/2028
David Davis 400 Cedar Lane, Many, LA 71449 318-315-0686	Member	08/2029
Blake Byles 9700 Marthaville Road, Many, LA 71449 318-294-5454	Member	08/2030
Keith Broussard 264 Cedar Lane, Many, LA 71449 318-256-9831	Member until August 2025	

15. Subsequent Events:

Management has evaluated events through March 25, 2026, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

SUPPLEMENTARY INFORMATION

Sabine Parish Waterworks District No. 1
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended September 30, 2025

Agency Head Name: Walter Mains, President

<u>Purpose</u>	<u>Amount</u>
Per Diem – Board Meetings	\$2,250

OTHER REPORTS/SCHEDULES

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA, LLC
Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

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INDEPENDENT AUDITORS' 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*

Mr. Walter Mains, President
and Members of the Board
Sabine Parish Waterworks District No. 1
Many, Louisiana 71449

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, and the *Louisiana Governmental Audit Guide*, the financial statements of the business-type activities and major fund as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Sabine Parish Waterworks District No. 1's (District) basic financial statements and have issued our report thereon dated March 25, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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.

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 instance 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

March 25, 2026

Sabine Parish Waterworks District No. 1
Schedule of Audit Findings
Year Ended September 30, 2025

I. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Sabine Parish Waterworks District No. 1.
2. The audit disclosed no material weaknesses in internal control that are required to be reported under *Government Auditing Standards*.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. Findings in Accordance with *Government Auditing Standards*

None identified.

III. Prior Year Audit Findings

None identified.

T | C | B | T
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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
EXAMINATION ENGAGEMENT**

Mr. Walter Mains, President
and Members of the Board
Sabine Parish Waterworks District No. 1
Many, Louisiana 71449

We have examined the Sabine Parish Waterworks District No. 1's (District) compliance with requirements for an Alternative State and Local Fiscal Recovery Funds (SLFRF) Compliance Examination Engagement for Recipients that would otherwise be required to undergo a Single Audit as a result of receiving SLFRF (Water Sector Program) awards, for the fiscal year ended September 30, 2025. The requirements are listed in the attached schedule. The District is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the requirements listed in the attached schedule during the period October 1, 2024 to September 30, 2025.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

March 25, 2026

Compliance Requirements	Results
<p>Activities Allowed or Unallowed: Recipients did not use SLFRF (Water Sector Program) funds for 1) offset a reduction of net tax revenue, 2) deposits into pension funds, 3) debt service or replenishing financial reserves, 4) satisfaction of settlements and judgements, 5) programs, services, or capital expenditures that include a term or condition that undermines efforts to stop the spread of COVID-19.</p>	<p>The District did not use the SLFRF (Water Sector Program) funds for ineligible uses.</p>
<p>Allowable Cost/Cost Principles: Recipients did not deviate from their established practices and policies regarding the incurrence of costs.</p>	<p>The District did not deviate from its established practices and policies regarding the incurrence of costs.</p>