

**WATER DISTRICT NO. 1
OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA
*Annual Financial Report
June 30, 2024 and 2025***

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA
Annual Financial Report
June 30, 2024 and 2025**

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**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024 and 2025**

Water District No. 1 of the Parish of Lafourche, State of Louisiana (the District) is presenting the following discussion and analysis in order to provide an overall review of the financial activities for the fiscal years ending June 30, 2024 and 2025. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the basic financial statements to enhance their understanding of the financial performance.

These activities of the District are accounted for much like that of a private business and use the full accrual method of accounting for transactions; and therefore, all transactions are classified as "proprietary."

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- Total assets increased by approximately \$22.8 million while total liabilities increased by \$17.0 million.
- Total net position decreased by \$5.1 million or 5.4% from the prior year.
- Operating revenues decreased by 1% while operating expenses increased by approximately 14.9% from the prior year.
- Non-operating revenues increased by 3.4 million. There was a large upward swing in non-operating expenses due to the net pension asset.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of four parts: Management's Discussion and Analysis, the Financial Section, Required Supplemental Information, and Other Supplemental Schedules. The Financial Section also includes notes that explain in more detail some of the information in the financial statements.

The Basic Financial Statements - Comparative Statement of Net Position, the Comparative Statement of Revenues, Expenses and Changes in Net Position and the Comparative Statement of Cash Flows provide both long-term and short-term information about the overall financial data. The Comparative Statement of Net Position includes all assets, deferred inflows, liabilities, and deferred outflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). This financial statement reports on the net position in its various components. Net position – the difference between assets plus deferred outflows and liabilities plus deferred inflows – is one way to measure financial health, or position.

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All of the current year's revenue and expenses are accounted for in the Comparative Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of operations over the past year and can be used to determine whether operations have successfully recovered all their costs through user fees and other charges, profitability, and credit worthiness.

The final required financial statement is the Comparative Statement of Cash Flows. The primary purpose of this statement is to provide information about cash receipts and cash payments during the reporting period. This statement reports on cash receipts, cash payments, and net changes in cash resulting in operations, investing and financing activities and provides answers to such questions as where did the cash come from, what was the cash used for, and what was the change in cash balance during the reporting period.

Our auditor has provided assurance in the Independent Auditor's Report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor regarding the Required Supplemental Information and the Other Supplemental Schedules provides varying degrees of assurance.

FINANCIAL ANALYSIS

To begin our analysis, a condensed summary of the Comparative Statement of Net Position (in millions of dollars) is presented in the following table:

	<u>FY2025</u>	<u>FY2024</u>	Dollar <u>Inc (Dec)</u>
Current Assets	\$ 15.7	\$ 13.6	\$ 2.1
Restricted Assets	21.7	4.7	17.0
Capital Assets	<u>84.3</u>	<u>80.6</u>	<u>3.7</u>
Total Assets	121.7	98.9	22.8
Deferred Outflows	1.4	1.8	(0.4)
Current Liabilities	2.9	2.7	0.2
Long Term Liabilities	<u>20.5</u>	<u>3.7</u>	<u>16.8</u>
Total Liabilities	23.4	6.4	17.0
Deferred Inflows	0.8	0.4	0.4
Net investment in capital assets	64.3	78.5	(14.2)
Restricted	2.7	2.4	0.3
Unrestricted	<u>31.9</u>	<u>12.9</u>	<u>19.0</u>
Total Net Position	\$ 98.9	\$ 93.8	\$ 5.1

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024 and 2025**

The liabilities to assets ratio, which indicates the degree to which the assets are financed through borrowing and other obligations, increased due to scheduled debt payments from 6.5% at June 30, 2024 to 19.2% at June 30, 2025. The large increase is due to the issuance of \$20,000,000 in Water Revenue Bonds, Series 2025 dated February 25, 2025.

Restricted Assets (those established by debt covenants, enabling legislation, or other legal requirements) increased by approximately 17%, again due to the issuance of the Water Revenue Bonds. The total net position increased by \$5.1 million to \$98.9 million.

The following denotes explanations for some of the major changes between fiscal years, as shown in the previous table:

- Current assets increased by \$2.1 million primarily due to the excess cash added to the surplus cash account. Restricted cash and investments increased substantially due the proceeds from the issuance of Water Revenue Bonds being invested.
- Capital assets increased by \$3.7 million primarily due to the addition of new construction projects being entered into and completed during the fiscal year and capital assets purchased in excess of depreciation and amortization.
- Current liabilities remained basically the same.
- Long term liabilities increased by over \$16 million due to the issuance of Water Revenue Bonds.

A condensed summary of the Comparative Statement of Revenues, Expenses and Changes in Net Position (in millions of dollars) is presented in the following table:

	<u>FY 2025</u>	<u>FY 2024</u>	<u>Inc (Dec)</u>
Operating Revenues	\$ 13.6	\$ 14.6	\$ (1.0)
Non-operating Revenues	8.1	4.7	3.4
Total Revenues	21.7	19.3	2.4
Depreciation/Amortization Expense	5.6	5.2	0.4
Other Operating Expenses	11.9	11.1	0.8
Non-operating Expenses	(0.1)	0.2	(0.3)
Total Expenses	17.4	16.5	0.9
Income before Capital Contributions	4.3	2.8	1.5
Capital Contributions	0.8	0.3	0.5
Change in Net Position	5.1	3.1	2.0
Beginning Net Position	93.8	90.7	3.1
Ending Net Position	\$ 98.9	\$ 93.8	\$ 5.1

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024 and 2025**

The following denotes explanations for some of the major changes between fiscal years, as shown in the previous table:

- Operating revenues decreased slightly by approximately \$1 million or 6.8% and non-operating revenues increased by \$3.4 million.
- The increase in non-operating revenues included proceeds from a litigation settlement (\$600,000) and FEMA for reimbursement for expenses incurred during hurricanes Ida and Francine, and also a grant from Lafourche Parish Government for capital outlay (\$667,000)
- Depreciation expense remained relatively the same as the prior year.
- Non-operating expenses decreased significantly due to the swing in the pension liability to a pension asset.

BUDGETARY HIGHLIGHTS

As required by its bond covenants, the District adopts an Operating and Capital Works Budget no later than June 30th of each year. The budget remains in effect the entire year unless it is revised.

A budget comparison and analysis is presented to the Board in monthly interim financial statements. The adopted budget was not revised. A comparison of budget and actual (in millions of dollars) is presented in the following table:

	Budget	FY2025	Dollar Variance
Operating Revenues	\$ 14.2	\$ 13.6	\$ (0.6)
Non-operating Revenues	3.6	8.1	4.5
Total Revenues	17.8	21.7	3.9
Operating Expenses	10.7	11.9	(1.2)
Depreciation	5.0	5.6	(0.6)
Non-operating Expenses	0.1	(0.1)	0.2
Total Expenses	15.8	17.4	(1.6)
Income before Capital Contributions	2.0	4.3	2.3
Capital Contributions	-	0.8	0.8
Change in Net Position	2.0	5.1	3.1
Beginning Net Position	93.8	93.8	-
Ending Net Position	\$ 95.8	\$ 98.9	\$ 3.1

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024 and 2025

CAPITAL ASSETS

The District reported a net of \$77.4 million of capital assets. This amount represents a decrease (including additions and deductions and less depreciation) from the prior year as summarized below:

	2025	2024
Land and Right of Ways	\$ 2,013,613	\$ 2,013,614
Construction in Progress	4,137,188	8,097,158
Water Plant & Building	45,641,042	43,903,630
Transmission & Distribution	134,503,387	122,847,538
Distribution Equipment	373,021	776,544
Administration Buildings	889,648	889,648
Furniture & Equipment	185,152	167,268
Transportation Equipment	314,695	75,778
Intangible Assets	131,312	131,312
Total Cost of Assets	188,189,058	178,902,490
Accumulated Depreciation/ Amortization	(103,874,929)	(98,308,808)
Total Capital Assets, Net Depreciation/Amortization Expense	\$ 84,314,129	\$ 80,593,682
	\$ 5,609,722	\$ 5,170,021

During the fiscal year \$13.3 million assets were capitalized, including \$4.5 million transferred from Construction in Progress. Additional detailed information about capital assets is presented in Note 6 to the financial statements.

DEBT ADMINISTRATION

The District reflected the following in outstanding long term obligations at year end as shown in the table below:

	2025	2024
Water Revenue Bonds:		
\$20,000,000 dated 2/25/25	\$ 20,000,000	\$ -
\$5,975,000, dated 5/26/15	-	2,055,000
Total Water Revenue Bonds	<u>\$ 20,000,000</u>	<u>\$ 2,055,000</u>
Deferral on Refunding	(499,743)	(16,110)
OPEB Liability	1,063,439	1,132,744
Net Pension Liability	(559,637)	534,099
Total outstanding	<u>\$ 20,004,059</u>	<u>\$ 3,705,733</u>

More detailed information about long-term debt is presented in Notes 7-9 to the financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024 and 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the fiscal year 2026, it is estimated that the District:

- Will serve an average of 33,105 customers
- Will generate water sales in the amount of 2,898,404 M gallons

June 30, 2026 Summary of Projected Budget

Water Service Revenue	\$ 15,954,148
Operating Expenses	<u>(12,177,080)</u>
Net Operating Revenue	3,777,068
Other Income	3,985,847
Other Expenses	<u>(784,280)</u>
Net Income before Depreciation	6,978,635
Depreciation	<u>(4,950,000)</u>
Net Income	<u><u>\$ 2,028,635</u></u>

Historically, a substantial portion of the District's income has been derived from a maintenance and operating tax levied by the District. By election on April 27, 2024, the voters approved to continue a maximum operating and maintenance tax of 3.57 mills per annum for a period of 10 years, beginning with the year 2026 and ending with the year 2035. For the fiscal year 2025, the Board of Commissioners approved a 3.57 mill levy on for operating and maintenance tax purposes, and such levy has been used for budget purposes for the 2026 fiscal year.

The District's capital and restricted equity budget for fiscal year 2026 provides for total expenses of \$6,905,970, including \$1.2 million for new construction projects; and \$2.7 million in waterline replacements.

The District has budgeted to use \$171,790 from restricted equity for the Cleaning & Painting of Elevated Storage Tanks.

In summary, the proposed budget indicates that the District will not only meet cash requirements but will also have fund balances as required by the outstanding bond resolutions.

CONTACTING MANAGEMENT

This Annual Financial Report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of our finances and to demonstrate accountability for the money we receive. If you have questions about this report or need additional financial information, contact:

Jennifer Savoie, Office Manager,
P.O. Box 399, Lockport, LA 70374,
1-800-344-1580



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Water District No. 1 of the Parish of Lafourche
State of Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business type activities of the Water District No. 1, of the Parish of Lafourche, State of Louisiana, a component unit of Lafourche Parish Government, as of and for the years ended June 30, 2024 and 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business type activities, as of and for the years ended June 30, 2024 and 2025, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management's 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 statement that are free of 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 ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.



We do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Schedules

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District’s financial statements. The Other Supplemental Schedules as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplemental Schedules are the responsibility of management and were derived from and relate 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The schedule of Metered Water Customers and the Schedule of Insurance in Force is not included in the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025, on our consideration of 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 testing, and not to provide an opinion on the 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 internal control over financial reporting and compliance.

Stagni & Company

December 1, 2025
Thibodaux, Louisiana



STAGNI & COMPANY, LLC

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Comparative Statement of Net Position
Water Enterprise Fund
June 30, 2025 and 2024

ASSETS

CURRENT ASSETS

	2025	2024
Cash and cash equivalents	\$ 5,726,932	\$ 3,926,108
Investments	6,643,266	6,518,259
Receivables:		
Water sales	605,125	658,401
Unbilled water sales	531,563	663,373
Sewerage	379,127	374,106
Other	83,005	82,449
Inventories	1,087,055	904,912
Prepaid insurance	602,690	493,979
	15,658,763	13,621,587

RESTRICTED ASSETS (cash and investments):

Water revenue bond current debt service cash account	1,138,124	1,336,053
Water revenue bond future debt service reserve account	563,869	1,967,000
Construction fund	18,590,837	-
Water revenue bond contingency account	200,000	200,000
Customer meter deposits cash	381,112	331,686
Customer meter deposits investments	850,000	850,000
	21,723,942	4,684,739

CAPITAL ASSETS

at cost (net of accumulated depreciation/amortization of \$103,874,929 for 2025 and \$98,308,808 for 2024)	84,314,129	80,593,682
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TOTAL ASSETS

	121,696,834	98,900,008
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DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	499,743	16,110
Deferred Pension Contributions	236,410	222,794
Deferred Pension - Other	344,891	1,123,492
Deferred other post employment benefit amounts	368,389	407,926
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,449,433	1,770,322

LIABILITIES

CURRENT LIABILITIES (payable from current assets):

Accounts payable and accrued expenses	234,750	208,972
Retainage payable	122,137	301,972
Due to other entities for water sale collections	996,092	952,120

CURRENT LIABILITIES (payable from restricted assets):

Interest accrued	318,793	35,963
Customer meter deposits	1,227,855	1,175,960
	2,899,627	2,674,987

LONG-TERM DEBT

Due within one year	560,000	655,000
Due after one year	19,440,000	1,400,000
Net other post employment benefits liability	1,063,439	1,132,744
Net Pension Liability (Asset)	(559,937)	534,099
	20,503,502	3,721,843

TOTAL LIABILITIES

	23,403,129	6,396,830
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DEFERRED INFLOWS OF RESOURCES

Deferred other post employment benefit amounts	282,136	209,378
Deferred pension amounts	479,005	236,414
TOTAL DEFERRED INFLOWS OF RESOURCES	761,141	445,792

NET POSITION

Net Investment in capital assets	64,314,129	78,538,682
Restricted for:		
Customer Deposits	1,227,855	1,175,960
Maintenance or Improvements from Restricted Equity	171,790	479,412
Debt Service	1,321,588	726,925
Unrestricted	31,946,635	12,906,729
TOTAL NET POSITION	\$ 98,981,997	\$ 93,827,708

See Notes to Financial Statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Comparative Statement of Revenues, Expenses and Changes in Net Position
Water Enterprise Fund
For the years ended June 30, 2025 and 2024

	2025	2024
OPERATING REVENUES:		
Metered sales to regular customers	\$ 12,564,337	\$ 13,456,373
Metered sales to industrial and municipal customers	26,853	15,124
Connection charges and other revenues	1,019,822	1,084,287
	13,611,012	14,555,784
OPERATING EXPENSES:		
Water purchased for resale	45,554	44,404
Water treatment expenses	5,049,248	4,974,492
Transmission and distribution expenses	2,336,349	2,136,745
Customer accounts expenses	1,986,334	1,785,484
Administrative and general expenses	2,595,031	2,147,573
Depreciation and Amortization	5,609,722	5,170,021
	17,622,238	16,258,719
Operating Income (Loss)	(4,011,226)	(1,702,935)
NON-OPERATING REVENUE:		
Investment income	712,167	620,462
Ad Valorem taxes	2,469,875	2,348,761
Intergovernmental - Local - LPG	767,535	100,000
Intergovernmental - Federal	3,510,131	1,603,822
Litigation Settlement	603,350	-
Shared revenue	51,850	52,061
Other income	1,764	802
	8,116,672	4,725,908
NON-OPERATING EXPENSES:		
Interest on bonds	640,717	71,925
Amortization of debt discount and refunding	16,110	10,740
(Gain) loss on sale of fixed assts	(877,744)	134,137
	(220,917)	216,802
Income (loss) before Capital Contributions	4,326,363	2,806,171
Capital contributions and reserve purchases	827,926	310,985
Change in net position	5,154,289	3,117,156
Net Position:		
Beginning of year	93,827,708	90,710,552
End of year	\$ 98,981,997	\$ 93,827,708

See notes to financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Comparative Statement of Cash Flows
Water Enterprise Fund

For the years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash received from customers	\$ 13,842,972	\$ 13,848,551
Cash payments to suppliers for goods and services	(18,110,960)	(15,577,324)
Cash payments made to employees for services	5,697,505	5,397,148
Net cash provided (used) by operating activities	1,429,517	3,668,375
Cash flows from noncapital financing activities:		
Ad valorem taxes received	2,469,875	2,348,761
Revenue sharing and Capital Outlay Grants	4,329,516	1,755,883
Other noncapital financing revenue	1,764	802
Net cash provided (used) by noncapital financing activities	6,801,155	4,105,446
Cash flows from capital and related financing activities:		
(Aquisition) of capital assets	(12,577,623)	(8,174,237)
Principal paid on revenue bond maturities	(2,055,000)	(625,000)
Interest paid on revenue bonds	(25,372)	(93,800)
Net cash provided (used) for capital and related financing activities	(14,657,995)	(8,893,037)
Cash flows from investing activities:		
Purchase of investments	(17,114,784)	(291,377)
Proceeds from new and maturities of investments	24,482,261	605,081
Interest and dividends on investments	712,167	620,462
Net cash provided (used) by investing activities	8,079,644	934,166
Net increase (decrease) in cash and cash equivalents	1,652,321	(185,050)
Cash and cash equivalents at the beginning of year	5,593,847	5,778,897
Cash and cash equivalents at the end of year	\$ 7,246,168	\$ 5,593,847
Cash and cash equivalents are composed of:		
Unrestricted Cash and Cash Equivalents	\$ 5,726,932	\$ 3,926,108
Cash and cash equivalents from restricted cash:		
Water revenue bond current debt service account	1,138,124	1,336,053
Customer meter deposits	381,112	331,686
	\$ 7,246,168	\$ 5,593,847
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	(\$4,011,226)	(\$1,702,935)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and Amortization	5,609,722	5,170,021
Changes in assets and liabilities:		
(Increase) decrease in receivables	180,065	(714,383)
(Increase) decrease in inventory	(182,143)	(14,582)
(Increase) decrease in prepaid insurance	(108,711)	(88,789)
Increase (decrease) in accounts payable	69,750	841,156
Increase (decrease) in contracts and retainage payable	(179,835)	170,737
Increase (decrease) in customer deposits	51,895	7,150
Total adjustments	5,440,743	5,371,310
Net cash provided (used) by operating activities	\$ 1,429,517	\$ 3,668,375
Noncash investing and financing activities:		
Acquisitions of Capital assets through capital contributions	\$827,926	\$310,985
Net Other Postemployment Benefits Obligation Increase	(\$69,305)	\$104,930
Net Pension Obligation (Asset) Increase (Decrease)	(\$1,094,036)	(\$1,708,899)
Amortization of debt discount and refunding	\$16,110	\$10,740
Revenue from Non-Employer Contributions	\$167,979	\$55,472

See notes to financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

Water District No. 1 of the Parish of Lafourche, State of Louisiana, (the District) was created on February 14, 1940 by Act 343 of the Louisiana State Legislature for a limited area of the Parish. In 1956, the District's service area was expanded to include all of the Parish with the exception of the City of Thibodaux and the Town of Lockport; in 2001, the District's service area was expanded to include the Town of Lockport..

The Board of Commissioners consists of 11 members who serve for an indefinite term, at the pleasure of the Lafourche Parish Council.

The services provided include a complete public water utility system of water purification, distribution, and customer accounting and collection.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described as follows:

Note 1 *Summary of Significant Accounting Policies*

Reporting Entity

Based on the following criteria the District is considered a component unit of the Lafourche Parish Council. The financial statements include all accounts of the District's operations. The criteria for including organizations as component units as a reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards include whether:

- The organization is legally separate (and can be sued in its own name)
- The Council holds the Corporate powers of the organization
- The Council appoints the voting majority of the Board of Commissioners
- The Council is able to impose its will on the organization
- The entity is able to impose a financial benefit/burden on the Council
- There is a fiscal dependency by the organization on the Council

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

Note 1 *Summary of Significant Accounting Policies (Continued)*

Measurement Focus and Basis of Accounting

The financial statements of the District are prepared on the accrual basis of accounting for proprietary funds. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

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

The operating revenues of the District 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 include the cost of sales and services, administrative expenses, amortization of intangible assets and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deposits and Investments

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. 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. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid (i.e. maturity date of 3 months or less from the date of purchase) deposits and investments (including restricted assets and the investment in LAMP) to be cash equivalents.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

Note 1 **Summary of Significant Accounting Policies (Continued)**

Capital Assets (continued)

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	
Intangible Assets	3 - 5 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has multiple items that are reported in this category:

- The deferred charge on refunding reported in the statement of net position of \$499,743 and \$16,110 for 2025 and 2024 respectively and results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt.
- The Deferred Outflow of resources related to pension contributions is the amount of the contributions paid after the pension plan measurement date (December 31, 2024 and 2023). These employer contributions from January-June 2025 and 2024 were \$236,410 and \$222,794, respectively. This amount will be amortized using a straight-line amortization method over a period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

Note 1 *Summary of Significant Accounting Policies (Continued)*

At the end of each calendar year, employees will have the option to roll over a maximum of 40 hours of accrued time to the next calendar year. All other hours of accrued time will be paid at said employee's hourly rate on the first full payroll of the next calendar year.

The current portion of unpaid PTO is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. Accrued sick leave of \$135,469 and \$112,193 for 2025 and 2024, respectively and is included in accounts payable and accrued expenses on the Comparative Statement of Net Position.

Long term Obligations

In the proprietary fund types financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts.

Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Deposits from customers on their accounts are also classified as restricted assets.

Net Position

Net position in proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. At year-end, restricted net position consisted of restricted cash and investments held for payment of future construction contracts and maintenance, held for payment of customer deposits, and held for payment of debt service.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

Note 1 *Summary of Significant Accounting Policies (Continued)*

Contributed Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

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

The District has purchased commercial insurance to manage risk in the following areas; building and contents, boiler and machinery, general liability, commercial automobile, end to pollution, terrorism risk, directors and officers liability coverage, excess directors and officers 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. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 2 *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.

Compliance with bond resolutions and covenants, authorizing and securing the currently outstanding revenue bonds does require the adoption of a budget. Prior to the close of each fiscal year the Board adopts a proposed budget. The budget for this fiscal year was adopted on June 20, 2024 at the regular board meeting.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

Note 3 Deposits and Investments

Deposits (demand deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At June 30, 2025 and 2024, the carrying amounts of deposits were \$13,258,044 and \$11,307,795 and the bank balances were \$13,955,531 and \$12,203,230. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit risk is the risk that in an event of a bank failure, deposits may not be returned to the entity. As of June 30, 2025, and 2024, \$13,205,531 and \$11,453,230 of the bank balances was exposed to custodial credit risk.

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. 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 in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

FDIC and pledged securities valued at \$18,185,687 and \$20,186,998 for 2025 and 2024, respectively, secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the District's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 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 entity that the fiscal agent has failed to pay deposited funds upon demand.

Investments at June 30, 2025 consisted of:

Investment	Carrying Amount	Fair Value	Maturities
Government Money Market	\$20,292,830	\$20,292,830	Less than a year
Certificates of Deposits	7,150,000	7,150,000	Less than a year
TOTAL	27,442,830	27,442,830	
LAMP	543,266	543,266	Avg. maturity 60 days or less
TOTAL INVESTMENTS	\$27,986,096	\$27,986,096	

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

Note 3 Deposits and Investments (Continued)

Investments at June 30, 2024 consisted of:

Investment	Carrying Amount	Fair Value	Maturities
Government Money Market	\$3,303,053	\$3,303,053	Less than a year
Certificates of Deposits	7,050,000	7,050,000	Less than a year
TOTAL	10,353,053	10,353,053	
LAMP	518,259	518,259	Avg. maturity 60 days or less
TOTAL INVESTMENTS	\$10,871,312	\$10,871,312	

The District invests in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool, administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana which was formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Most of the investments are for the construction project and debt service obligation accounts and the district invests its money in short term maturity investments so as to have cash flows available to pay invoices on the construction projects and debt service as they become due and payable.

Credit Risk and Custodial Credit Risk. State law limits 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. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the District's policy to limit its investments in these investment types. LAMP was rated AAAM by Standard & Poor's as of the September 24, 2024 profile.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

Note 3 Deposits and Investments (Continued)

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk; therefore, the district does not have to disclose credit risk for the U.S. Treasury Obligations and U.S. agencies since they carry the explicit guarantee of the U.S. government.

Note 4 Ad Valorem Taxes

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes based on 2024 reassessment:

	Authorized Millage	Levied Millage
Water District Operations	3.67	3.57

Each November based on the assessed value of property as of the prior January 1 the Parish Assessor of Lafourche sends ad valorem tax bills. Billed taxes become delinquent on January 1 of the following year.

A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed as of January 1, 2024. The assessed values for the property on January 1, on which the 2024 and 2023 levies were based, was \$748,061,011 and \$776,312,495, respectively.

The authorization to levy ad valorem taxes was granted through Parish elections for the purpose of operating and maintaining the water system for the constituents on April 27, 2024 for a period of 10 years, beginning with the year 2026 and ending with the year 2035.. The millage levied for the year June 30, 2025 and 2024 was 3.67 and 3.57 mills, respectively. Taxes collected as of June 30, 2025 on the 2024 taxes levied was 97.5%. Taxes collected as of June 30, 2024 on the 2023 taxes levied was 91%.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

Note 5 *Deferred Compensation Plan*

Employees of the Water District are eligible to contribute to the Louisiana Deferred Compensation Plan under Internal Revenue Code 457 on a voluntary basis. The plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction.

2025 Contribution Limits

- The 2025 annual contribution limit for employees who participate in the LADCP 457(b) plan is \$23,500. The catch-up contribution for employees aged 50 and over is \$7,500 totaling \$31,000
- Under a change made in SECURE 2.0, a higher catch-up contribution limit for 2025 applies for employees aged 60, 61, 62 and 63 who participate in the plan. This higher catch-up contribution limit is \$11,250 instead of \$7,500 totaling \$34,750

For the fiscal period ending June 30, 2024 and 2025, the contributions to the plan was \$45,630 and \$56,261 respectively.

During three years prior to normal retirement age as defined by the Plan, a participant may be eligible to contribute a “catch-up” amount if the participant did not contribute the maximum allowable amount during the years of eligibility in the Plan since January 1, 1979.

This provision cannot be used during the calendar year if the Age 50+ provision is elected, nor may a catch-up contribution be made during the calendar year of the normal retirement age, nor may a catch-up contribution be made if the participant previously participated in catch-up under this or any other Section 457 plan. Withdrawals from the plan occur at retirement, separation from service, death, or proven financial hardship.

The District has the responsibility for withholding and remitting contributions from participants to the plan. Empower is the plan administrator and provides communication, record keeping of the accounts, and investment of the plan assets. All amounts of compensation deferred all property rights and rights purchased and all income, property, or rights held in trust for the exclusive benefit of the participants or their beneficiaries. The assets of the plan are not considered District assets, nor subject to claims or creditors of the District.

WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA

Notes to Financial Statements (Continued)
For the years ended June 30, 2024 and 2025

Note 6 Capital Assets

Capital assets and depreciation summary follows:

Description	June 30, 2023	Net Additions/Disposals	June 30, 2024	Net Additions/Disposals	June 30, 2025
Capital assets, not being depreciated					
Land and Right of Way	\$ 1,941,758	\$ 71,856	\$ 2,013,614	\$ (1)	\$ 2,013,613
Construction Projects in Progress	5,217,701	2,879,457	8,097,158	(3,959,970)	4,137,188
Total capital assets, not being depreciated	<u>7,159,459</u>	<u>2,951,313</u>	<u>10,110,772</u>	<u>(3,959,971)</u>	<u>6,150,801</u>
Capital assets, being depreciated					
Water Plant and Building	42,235,199	1,668,431	43,903,630	1,737,412	45,641,042
Transmissions and Distribution System	122,360,141	487,397	122,847,538	11,655,849	134,503,387
Distribution and Maintenance Equipment	933,614	(157,070)	776,544	(403,523)	373,021
Administration and Office Buildings	710,912	178,736	889,648	-	889,648
Furniture and Equipment	264,996	(97,728)	167,268	17,884	185,152
Transportation Equipment	1,087,610	(1,011,832)	75,778	238,917	314,695
Intangible Assets	135,904	(4,592)	131,312	-	131,312
Total capital assets, being depreciated	<u>167,728,376</u>	<u>1,063,342</u>	<u>168,791,718</u>	<u>13,246,539</u>	<u>182,038,257</u>
Accumulated Depreciation/Amortization					
Water Plant and Building	(25,927,119)	493,096	(25,434,023)	123,708	(27,519,787)
Transmissions and Distribution System	(71,785,665)	106,678	(71,678,987)	49,377	(75,068,628)
Distribution and Maintenance Equipment	(871,667)	777,728	(93,939)	762,485	(117,263)
Administration and Office Buildings	(583,240)	(16,622)	(599,862)	(16,000)	(623,761)
Furniture and Equipment	(170,565)	90,183	(80,382)	90,609	(91,452)
Transportation Equipment	(509,375)	173,739	(335,636)	173,920	(345,103)
Intangible Assets	(66,614)	(19,365)	(85,979)	(18,364)	(108,935)
Total accumulated depreciation/amortization	<u>(99,914,245)</u>	<u>1,605,437</u>	<u>(98,308,808)</u>	<u>1,165,735</u>	<u>(103,874,929)</u>
Total capital assets, being depreciated net	<u>67,814,131</u>	<u>2,668,779</u>	<u>70,482,910</u>	<u>14,412,274</u>	<u>78,163,328</u>
Total capital assets, net	<u>\$ 74,973,590</u>	<u>\$5,620,092</u>	<u>\$ 80,593,682</u>	<u>\$ 10,452,303</u>	<u>\$ 84,314,129</u>
Depreciation/Amortization Expense	<u>\$ 4,917,267</u>		<u>\$ 5,170,021</u>		<u>\$ 5,609,722</u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 6 Capital Assets (Continued)

Fiscal Year Ended	30-Jun-24	30-Jun-25
Assets Capitalized	\$ 7,990,564	\$ 13,290,138
Assets Disposed	\$ 6,834,728	\$ 7,718,229
Adjustments	\$ -	\$ 71,856
Total Depreciation	\$ 5,146,065	\$ 5,586,766
Total Amortization	\$ 23,956	\$ 22,956

Note 7 Long-Term Debt

Long-term debt is as follows:

Water Revenue Bonds	2025	2024
Consisted of the following:		
\$5,975,000 Water Revenue Refunding Bonds dated May 26, 2015, with a final maturity on January 1, 2027 and with interest at 2.0-3.5%	\$-	\$2,055,000
\$20,000,000 Water Revenue Bonds, Series 2025 dated February 25, 2025, with a final maturity on January 1, 2050 and with interest at 4-5%	\$20,000,000	\$-

At the December 19, 2024 meeting, the Board unanimously approved to adopt a resolution authorizing the redemption of the outstanding Water Revenue Refunding Bonds, Series 2015, of Water District No.1 of the Parish of Lafourche, State of Louisiana, and providing for other matters in connection therewith.

Also at the December 19, 2024 meeting, the Board unanimously approved adopting a resolution authorizing the issuance of not exceeding Twenty Million Dollars (\$20,000,000) of Water Revenue Bonds of Waterworks District No.1 of the Parish of Lafourche, State of Louisiana; and providing for other matters in connection therewith.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 7 Long-Term Debt (Continued)

The annual requirements to amortize all bonds outstanding, including interest payments are as follows:

Year Ended	
June 30, 2025	Amount
2026	1,456,838
2027	1,321,588
2028	1,318,588
2029	1,319,463
2030	1,319,088
2031-2035	6,583,313
2036-2040	6,564,038
2041-2045	6,565,100
2046-2050	6,533,906
TOTALS	\$32,981,919

Long-term debt activity follows:

	July 1, 2023	Additions/ (Retirements)	June 30, 2024	Additions/ (Retirements)	June 30, 2025
Water Revenue Bonds Payable	\$2,680,000	\$(625,000)	\$2,055,000	\$17,945,000	\$20,000,000
Deferral on Refunding	(26,850)	10,740	(16,110)	(483,633)	(499,743)
Net OPEB Obligation	1,027,814	104,930	1,132,744	(69,305)	1,063,439
Net Pension Liability (Asset)	2,242,998	(1,708,899)	534,099	(1,093,736)	(559,637)

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

TOTAL	\$5,923,962	\$(2,218,229)	\$3,705,733	\$16,298,326	\$20,004,059
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Note 8 *Flow of Funds; Restrictions on Use*

The Issuer, through its Governing Authority, covenants to fix, establish, maintain and collect such rates, fees, rents or other charges for the services and facilities of the System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in such year sufficient to provide for

- (i) The payment of all reasonable and necessary expenses of administration, operation and maintenance of the System;
- (ii) The payment of the principal and interest maturing on the Bonds and any Additional Parity Bonds in each year as and when the same shall become due and payable;
- (iii) The creation of a reserve fund for the Bonds and any Additional Parity Bonds; and
- (iv) To provide a reserve to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System.

Such rates, fees, rents, or other charges may be altered or amended from time to time, but shall not at any time be reduced below a level sufficient to provide revenues in each year, after paying all reasonable and necessary expenses of administering, operating and maintaining the System in such year, at least equal to 130% of the highest combined principal and interest requirements for any succeeding Bond Year on the Bonds and any Additional Parity Bonds hereafter issued as provided herein.

The Issuer and the Governing Authority further covenant that all of the revenues to be earned from the operation of the System shall be deposited daily as the same may be collected in a separate and special bank account designated the "Revenue Fund" previously created and to be maintained pursuant to the terms of the Resolution, which shall be used in the following order of priority and for the following express purposes:

- A) First, for the payment of all reasonable and necessary expenses for administering, operating and maintaining the Issuer and the System, provided that such expenses shall be first paid from the proceeds of the tax to the extent that such proceeds may be legally applied.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 8 *Flow of Funds; Restrictions on Use (continued)*

- B) Next, for the maintenance of the Bond Fund previously established, with the Issuer's lead fiscal agent bank, sufficient in the amount to pay promptly and the fully the principal of and the interest on the Bonds and any Additional Parity Bonds issued hereafter in the manner provided by the Bond Resolution, and they severally become due and payable, by transferring from the Revenue Fund on or before the 20th day of each month, beginning on the first such date following the delivery of the Bonds, a sum equal to 1/6 of the interest due on the next interest payment date and 1/12 of the principal due on the next principal payment date from the Bond Fund, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. Said bank shall make available from the Bond Fund to the paying agents for all bonds payable from the Bond Fund, at least three (3) days in advance of the date on which each payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and interest so falling due on such Interest Payment Date.
- C) Next, for the maintenance of the "Reserve Fund" established in the Bond Resolution, which shall be funded to the Reserve Fund Requirement. The money in the Reserve Fund shall be retained solely for the purpose of paying the principal and interest on the bonds, as to which would otherwise be default. The Reserve Fund requirement may be funded with cash or qualified investments, or one or more reserve products, or a combination thereof.
- D) Next, for the maintenance of the Renewal and Replacement Fund established with the Issuer's lead fiscal agent bank to care for extensions, additional, improvements, renewals and replacements necessary to operate the System, by transferring from the Revenue Fund to the Renewal and Replacement Fund, monthly on or before the 20th day of each month of each year, a sum equal to 5% of the gross revenue for the preceding month. If the balance in this fund exceeds \$200,000 at the end of the fiscal year, such excess is to be transferred to the Surplus Fund. In addition to caring for extensions, additions, improvements, renewals, and replacement necessary to properly operate the Water System, the money in this fund may also be used to pay principal or interest falling due at any time there is not sufficient money for payment in the other bond funds.
- E) Last, after making the payments required under the above paragraphs any money remaining each month in the Revenue Fund in excess of 25% of the current fiscal year's budgeted amount for administration, operation and maintenance expenses shall be considered as surplus and such surplus shall be transferred to the Surplus Fund maintained with the lead fiscal agent bank.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 9 Other Post-Employment Healthcare and Life Insurance Benefits

Plan Description. The Lafourche Parish Water District (the Water District) provides certain continuing health care for its retired employees. The Lafourche Parish Water District’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Water District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Water District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided. Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement, provided the employee has at least 30 years of service at retirement. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Employees covered by benefit terms. At the measurement date June 30, 2024 the following employees were covered by the benefit terms:

	2024	2025
Inactive employees or beneficiaries currently receiving benefit payments	7	5
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	67	69
	74	74

Contribution Rates. Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)

Total OPEB Liability. The Water District's total OPEB liability of \$1,063,439 and \$1,132,744 was measured as of June 30, 2025 and 2024, respectively and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs.

The total OPEB liability in the June 30, 2024 and 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.75%, including inflation
Discount rate	3.93% annually
Healthcare cost trend rates	Getzen model, initial trend of 6.0%
Mortality	PubG.H-2010 Employee/Retiree with 30%M and 25%F load

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2024 and 2025, the end of the applicable measurement period. The actuarial assumptions used in the June 30, 2024 and 2025 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2024.

Changes in the Total OPEB Liability (Asset). The table below reflects the Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal years ending June 30, 2023 and 2024, respectively:

	2025	2024
Beginning Net OPEB Obligation	\$1,132,744	\$1,027,814
Service Cost	71,694	24,308
Interest	45,638	36,915
Differences between expected and actual	-	147,727
Changes in assumptions	(99,478)	(21,795)
Contribution	(87,159)	(82,225)
Change in Net OPEB Obligation	(69,305)	104,930
Ending Net OPEB Obligation	<u>\$1,063,439</u>	<u>\$1,132,744</u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate .

The following presents the total OPEB liability of the Water District as of June 30, 2024, as well as what the Water District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1.0% Decrease (2.93%)	Current Discount Rate (3.93%)	1.0% Increase (4.93%)
Total OPEB liability	\$ 1,212,582	\$ 1,132,744	\$ 1,058,476

The following presents the total OPEB liability of the Water District as of June 30, 2025, as well as what the Water District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1.0% Decrease (4.2%)	Current Discount Rate (5.2%)	1.0% Increase 6.2%)
Total OPEB liability	\$ 1,140,949	\$ 1,063,439	\$ 991,992

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the Water District at June 30, 2024, as well as what the Water District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	1.0% Decrease (5.0%)	Current Trend (6.0%)	1.0% Increase (7.0%)
Total OPEB liability	\$ 1,022,278	\$1,132,744	\$ 1,266,587

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)

The following presents the total OPEB liability of the Water District at June 30, 2025, as well as what the Water District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	1.0% Decrease (5.0%)	Current Trend (6.0%)	1.0% Increase (7.0%)
Total OPEB liability	\$ 949,773	\$1,063,439	\$ 1,202,242

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Water District recognized OPEB expense of \$74,907 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 230,209	\$ (67,381)
Changes in assumptions	177,718	(141,997)
Total	\$ 407,926	\$ (209,378)

For the year ended June 30, 2025, the Water District recognized OPEB expense of \$80,257 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 210,418	\$ (60,612)
Changes in assumptions	157,972	(221,524)
Total	\$ 368,389	\$ (282,136)

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)

Amounts reported at June 30, 2024 as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:

2025	\$19,034
2026	19,034
2027	19,034
2028	19,034
2029	19,034
Thereafter	103,378

Amounts reported at June 30, 2025 as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:

2026	12,817
2027	12,817
2028	12,817
2029	12,817
2030	22,168
Thereafter	

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 10 Pension Plan

The District has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. That Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

Plan Description and Provisions

All full-time employees are members of the Parochial Employees Retirement System of Louisiana (PERS) a cost sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S. 11:1901-2025 of the Louisiana Revised Statutes (LRS). The (PERS) was originally established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana. A Board of Trustees, an Administrative Director, an Actuary and Legal Counsel operate the System. The System provides retirement benefits to an employee of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and elect to become members of the System. All members of the (PERS) are participants in either Plan A or Plan B. Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date.

All permanent eligible government employees who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. The District participates in Plan A. The types of benefits provided under this plan include:

Retirement Benefits

Any members can retire providing he/she meets one of the following criteria, if they were hired prior to January 1, 2007:

- At any age with 30 or more years of creditable service.
- Age 55 with 25 years of creditable service.
- Age 60 with a minimum of 10 years of creditable service.
- Age 65 with a minimum of 7 years of creditable service

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 10 Pension Plan (Continued)

If members were hired after January 1, 2007, a member can retire providing he/she meets one of the following criteria:

- Age 55 with 30 years of service
- Age 62 with 10 years of service
- Age 67 with 7 years of service

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member of Plan A with 5 or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit as outlined in the statutes.

Deferred Retirement Option Plan Benefits

In lieu of terminating employment and accepting a service retirement, any member who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease.

The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in DROP may receive at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 10 Pension Plan (Continued)

Disability Benefits

A member hired prior to January 1, 2007 shall be eligible to retire and to receive a disability benefit if he/she has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. If a member was hired after January 1, 2007, shall be eligible to retire and to receive disability benefit if he/she has at least seven years of creditable service. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

Cost of Living Increases

The board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also the Board may provide a cost of living increase up to 2.5% for retiree 62 and older. (R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions

Contributions by employers are actuarially determined each year. For the year ended December 31, 2024, the employer's actuarially determined contribution rate was 7.34%, however, the actual rate was 11.50% for Plan A. For the year ended December 31, 2023, the employer's actuarially determined contribution rate was 7.49%, however, the actual rate was 11.50%.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes except Orleans and East Baton Rouge parishes. The system also received revenue sharing funds each year as appropriated by the Legislature.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 10 Pension Plan (Continued)

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources:

As of June 30, 2025 and 2024, the District reported a total of (\$559,937) and \$534,099 respectively for its proportionate share of the net pension liability (asset) of the Parochial Employees Retirement System of Louisiana (PERS).

The net pension liability for June 30, 2025 and 2024 was measured as of December 31, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportion of the plan was as follows:

<u>Plan</u>	<u>Proportionate share</u>	
	<u>12/31/23</u>	<u>12/31/24</u>
PERS	.560603%	.556803%

For the year ended June 30, 2025 and 2024, the District recognized pension expense as follows:

<u>Plan</u>	<u>Pension expense</u>
2024 PERS	\$ 216,150
2025 PERS	\$ 473,316

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 10 Pension (Continued)

For June 30, 2024 for the December 31, 2023 measurement date the deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

<u>Plan</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
<u>PERS</u>		
-Changes in proportion	\$ 9,802	\$ -
-Net difference between projected and actual earnings on pension plan investments	860,778	-
-Changes in assumptions		(93,051)
-Difference between expected and actual experience	252,912	(143,363)
-Contributions subsequent to the measurement date	222,794	-
	<u>\$ 1,346,286</u>	<u>\$ (236,414)</u>

For June 30, 2025 for the December 31, 2024 measurement date the deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

<u>Plan</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
<u>PERS</u>		
-Diff between Projected and Actual Earnings	\$341,704	\$(48,674)
-Net difference between projected and actual earnings on pension plan investments	-	(368,717)
-Changes in assumptions	-	-
-Changes in proportion	3,187	(61,614)
-Contributions after the measurement date	236,410	-
	<u>\$ 581,301</u>	<u>\$ (479,005)</u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 10 Pension (Continued)

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024 (\$222,794) and in the year ended June 30, 2025 (\$236,410).

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2025			Year ended June 30, 2024	
2026	\$209,715		2025	\$80,287
2027	\$500,730		2026	\$431,832
2028	\$(566,699)		2026	\$724,836
2029	\$(277,860)		2027	\$(349,877)

Actuarial assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2023 are as follows:

<u>Plan</u>	<u>PERS</u>
Inflation	2.30%
Salary increases	4.75%
Investment rate of return	6.40%
Actuarial cost method	Entry age normal
Expected remaining service lives	4 years

Mortality rates assumption is based on the Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2021 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using the MP2021 scale for annuitant.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 10 Pension (Continued)

The long term expected rate of return on pension plan investments was determined using a triangulation method which integrates CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building block model (bottom-up). Risk return, and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.96% for the year ended December 31, 2023.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2024 are as follows:

<u>Plan</u>	<u>PERS</u>
Inflation	2.30%
Salary increases	4.75%
	(2.75% Merit/2.50% Inflation)
Investment rate of return	6.40%
Actuarial cost method	Entry age normal
Expected remaining service lives	4 years

Mortality rates for PERS were based on the Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 10 Pension (Continued)

The long term expected rate of return on pension plan investments was determined using a triangulation method which integrates CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building block model (bottom-up). Risk return, and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.13% for the year ended December 31, 2024.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of December 31, 2023 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	33%	1.12%
Equity	51%	3.20%
Alternatives	14%	0.67%
Real assets	2%	0.11%
Totals	100%	5.10%
Inflation		2.40%
Expected Arithmetic Nominal Return		7.50%

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 10 Pension (Continued)

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	37%	1.08%
Equity	47%	2.82%
Alternatives	15%	0.76%
Real assets	1%	0.07%
Totals	100%	4.73%
Inflation		2.40%
Expected Arithmetic Nominal Return		7.13%

Sensitivity of the of the District's proportionate share of the net pension liabilities to changes in the discount rate:

The following presents the District's proportionate shares of the net pension liabilities (assets) of the plan as of December 31, 2023, calculated using the discount rates as shown above, as well as what the District's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
PERS	\$3,810,892	\$ 534,099	\$ (2,216,444)

The following presents the District's proportionate shares of the net pension liabilities (assets) of the plan as of December 31, 2024, calculated using the discount rates as shown above, as well as what the District's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 10 Pension (Continued)

	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
PERS	\$2,857,537	\$ (559,937)	\$ (3,428,508)

Pension plan fiduciary net position:

Detailed information about the Plans' fiduciary net position is available in the separate issued financial statements of the Plans. The Parochial Employees' Retirement System issues a stand-alone audit report on its financial statements. Access to the audit report can be found on the System's website: www.persla.org or on the Office of the Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Support of Non-employer contributing entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2024 and 2025, the District recognized revenue as a result of support received from non-employer contributing entities of \$58,142 and \$54,304, respectively for its participation in PERS.

Payables to the pension plans:

At June 30, 2024 and 2025, there were no amounts due to the pension plan for employer and employee required contributions.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 11 Construction Commitments

Construction commitments on June 30, 2025, are as follows:

Project	Total Estimated Cost	Costs Incurred to 6/30/25
North Treatment Plant Capacity Expansion	\$28,097,000	\$1,268,563
LA 308 Valentine Canal Bridges	750,000	120,310
Kramer Waterline Replacement 2021 Cap	1,428,113	1,400,846
New SWTP Administration Building	4,729,000	774,710
Waterline Replacement Martinez	202,290	202,290
Waterline Installation Hwy 24	259,130	259,130
Waterline Replacement Romy Dr	378,226	9,600
Waterline Replacement N Dominique Dr	152,910	2,910
Waterline Replacement Perrin Ln	227,952	27,952
Waterline Replacement N 1 st St	216,000	16,000
NWTP BSTR Pump & Feed Line Installation	37,780	37,750
Waterline Replacement E 148 th St	142,296	4,733
Totals	\$36,620,697	\$4,124,794

Note 12 Subsequent Events

The Lafourche Parish Water District has evaluated subsequent events through October 16, 2025 the date which the financial statements were available to be issued. No other material subsequent events have occurred since June 30, 2025 that required recognition or disclosure in the financial statements. No subsequent events after October 16, 2025 have been evaluated for inclusion in these financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2025 and 2024

Note 13 **Cooperative Endeavor Agreement**

On March 16, 2023, the Lafourche Parish Water District entered into an agreement with the State of Louisiana, Division of Administration (DOA) for the purpose of funding the Water Sector Program project. The DOA will disburse with monthly pay applications of up to \$5,000,000 for construction of water, sewer, and/or storm water infrastructure improvements. The District has expended and received reimbursement of \$1,603,823 in the prior fiscal year and \$1,923,091 in the current fiscal year. The project was completed during the fiscal year.

WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA
Schedule of Per Diem and Compensation of Board of
Commissioners
June 30, 2025

During the year the Board of Commissioners held twelve meetings. None of the Commissioners are compensated except for the Secretary Treasurer who receives \$150 per monthly meeting.

• Mr. Sidney Triche, President	\$ -0-
• Mr. Nolan Cressionie, Commissioner	\$ -0-
• Mr. Manuel Delatte, Commissioner	\$ -0-
• Mr. Morris Guidry, Commissioner	\$ -0-
• Mr. Robert Pontif, Jr., Secretary/Treasurer	\$1,800
• Mr. Eric Roundtree, Vice-President	\$ -0-
• Mr. Barry Uzee, Commissioner	\$ -0-
• Mr. Evan Plaisance, Commissioner	\$ -0-
• Mr. Jordan Collins, Commissioner	\$ -0-
• Mr. Dirk Barrios, Commissioner	\$ -0-
• Mr. Bobby Grabert, Commissioner	\$ -0-

WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA
REQUIRED SUPPLEMENTAL INFORMATION
Parochial Employees Retirement System - Plan A

Last Ten Fiscal Years **

For Fiscal Year Ended

Plan Measurement Date:

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios

Proportion of the net pension liability	0.556803%	0.560603%	0.582780%	0.586807%	0.553883%	0.562746%	0.544920%	0.522948%	0.554134%	0.526845%
Proportionate share of the net pension liability (asset)	(\$559,937)	\$537,099	\$2,242,998	(\$2,764,116)	(\$971,186)	\$26,491	\$2,418,551	(\$388,156)	1,141,246	1,386,808
Covered-employee payroll	\$ 4,315,363	\$ 4,146,654	\$ 4,035,304	\$ 3,855,272	\$ 3,699,403	\$ 3,453,809	\$ 3,283,205	\$ 2,865,462	\$ 3,276,525	\$ 2,997,201
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	-12.98%	12.95%	55.58%	-71.70%	-26.25%	0.77%	73.66%	-13.55%	34.83%	46.27%
Plan fiduciary net position as a percentage of the total pension liability	101.97%	74.09%	91.74%	110.46%	104.00%	99.89%	88.86%	101.98%	94.15%	92.23%

Schedule of Required Contributions

Contractually required contributions	\$ 425,289	\$ 467,257	\$ 454,653	\$ 482,293	\$ 453,177	\$ 410,719	\$ 376,080	\$ 343,623	\$ 429,931	\$ 420,140
Contributions made	\$ 467,839	\$ 447,905	\$ 457,121	\$ 412,384	\$ 453,177	\$ 397,188	\$ 376,080	\$ 343,623	\$ 429,931	\$ 420,140
Contribution deficiency (excess)	-\$ 42,550.00	\$ 19,352	-\$ 2,468	\$ 69,909	-\$	\$ 13,531	-\$	-\$	-\$	-\$
Covered-employee payroll	\$ 4,315,363	\$ 4,146,654	\$ 4,035,304	\$ 3,855,272	\$ 3,699,403	\$ 3,453,809	\$ 3,283,205	\$ 2,865,462	\$ 3,348,747	\$ 3,058,322
Contribution as a percentage of covered employee payroll	10.84%	10.80%	11.33%	10.70%	12.25%	11.50%	11.45%	11.99%	12.84%	13.74%

Note: Initial Year of GASB 68 Implementation was June 30, 2015. Schedule is intended to show information for 10 years. Additional Years will be displayed as they become available.

Notes to Required Supplementary Information

<i>Changes of Benefit Terms include:</i>	none	none	none	none	none	none	none	none	none	none
<i>Changes of Assumptions</i>										
Inflation	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.00%	2.50%	2.50%	2.50%
Investment rate of return (discount rate)	6.40%	6.40%	6.40%	6.40%	6.40%	6.50%	6.50%	6.75%	7.00%	7.00%
Expected long term rate of return	7.00%	7.00%	7.00%	7.00%	7.00%	7.43%	7.43%	7.62%	7.66%	7.66%
Expected Remaining Service lives	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years
Projected Salary Increases	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	5.25%	5.25%	5.25%

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA
REQUIRED SUPPLEMENTAL INFORMATION
Schedule of Changes in Net OPEB Liability and Related Ratios**

A

Last Ten Fiscal Years **

For Fiscal Year Ended

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability								
Service cost	\$ 71,694	\$ 24,308	\$ 23,600	\$ 38,221	\$ 37,871	\$ 29,556	\$ 12,922	\$ 12,897
Interest	45,638	36,915	36,709	27,755	27,322	34,728	36,621	37,935
Differences between expected and actual experience	(174,318)	147,727	33,096	(83,988)	55,851	7,659	36,079	(4,934)
Changes of assumptions	(99,478)	(21,795)	(10,770)	(146,833)	6,046	242,434	29,467	-
Benefit payments	87,159	(82,225)	(79,991)	(75,821)	(78,592)	(74,495)	(77,452)	(73,414)
Net change in total OPEB liability	(69,305)	104,930	2,644	(240,666)	48,498	239,882	37,637	27,516
Total OPEB Liability								
Beginning	1,132,744	1,027,814	1,025,170	1,265,836	1,217,338	977,456	939,819	967,335
Ending	\$ 1,063,439	\$ 1,132,744	\$ 1,027,814	\$ 1,025,170	\$ 1,265,836	\$ 1,217,338	\$ 977,456	\$ 939,819
Covered-employee payroll	\$ 4,168,154	\$ 3,979,145	\$ 3,798,706	\$ 3,688,064	\$ 3,563,510	\$ 3,459,718	\$ 3,112,243	\$ 3,021,595
Net OPEB liability as a percentage of covered-employee payroll	25.51%	28.47%	27.06%	27.80%	35.52%	35.19%	31.41%	31.10%

** This schedule is intended to show information for 10 years. Additional Years will be displayed as they become available.

Notes to Required Supplementary Information

<i>Benefit Changes</i>	None	None	None	None	None	None	None	None
<i>Changes of Assumptions</i>								
Discount Rate	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
Mortality	PubG.H-2010	PubG.H-2010	RP-2014	RP-2014	RP-2014	RP-2014	RP-2000	RP-2000
Trend	Getzen model	Getzen model	4.5% to 5.5%	4.5% to 5.5%	4.5% to 5.5%	4.5% to 5.5%	4.5% to 5.5%	4.5% to 5.5%

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Comparative Statement of Operating Expenses
Water Enterprise Fund
For the years ended June 30, 2025 and 2024

	2025	2024
Water Purchased for Resale	45,554	\$ 44,404
Water Treatment Expenses:		
Pumping Operations	906,540	863,192
Pumping Maintenance	30,514	42,717
Purification Operations	3,685,798	3,648,643
Purification Maintenance	426,396	419,940
Total Water Treatment Expenses	5,049,248	4,974,492
Transmission and Distribution Expenses:		
Distributions Operations	1,410,928	1,396,097
Distribution Maintenance	925,421	740,648
Total Transmission and Distribution Expenses	2,336,349	2,136,745
Customer Accounts Expenses:		
Customer Operations Expense	1,986,334	1,785,484
Total Customer Accounts Expense	1,986,334	1,785,484
Administrative and General Expenses:		
General Operating & Office Expense	2,153,927	1,866,510
Maintenance - General Property and Equipment	275,927	281,063
Total Administrative and General Expenses	2,429,854	2,147,573
Depreciation and Amortization	5,609,722	5,170,021
TOTAL OPERATING EXPENSES	\$ 17,457,061	\$ 16,258,719

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements
For the years ended June 30, 2025 and 2024

Revenue Fund		
	2025	2024
Cash Balance, July 1	\$ 2,520,326	\$ 2,306,681
Receipts:		
From Customers	6,148,727	13,220,037
Interest Earned	384,707	326,194
Transfers from Other Accounts	13,140,022	14,870,801
Others	35,591,905	(5,015,605)
	55,265,361	23,401,427
Disbursements:		
Operating Expense	55,075,785	20,061,337
Transfers to Other Accounts	-	3,126,445
	55,075,785	23,187,782
Cash Balance, June 30	\$ 2,709,902	\$ 2,520,326
Maintenance and Operating Fund		
Cash Balance, July 1	\$ 9	\$ 7
Receipts:		
Ad Valorem Taxes (Net)	2,469,875	2,348,761
Revenue Sharing	51,850	52,061
	2,521,725	2,400,822
Disbursements:		
Transferred to Water Revenue	2,521,726	2,400,820
Cash Balance, June 30	\$ 8	\$ 9

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements
For the years ended June 30, 2025 and 2024

Renewal and Improvements Fund

	2025	2024
Cash Balance, July 1	\$7,922,932	\$8,976,480
Revenues:		
Interest Earned	123,755	65,317
Transfer from:	100,000	
Revenue Fund	13,603,555	14,079,158
	13,827,310	14,144,475
Disbursements:		
Transfer to:		
Additions to System and Utility Plant Assets	12,091,054	15,198,023
Cash Balance, June 30	\$9,659,188	\$7,922,932

Summary of Cash and Investments - Current Assets

Revenue Fund	\$2,709,902	\$2,520,326
Maintenance and Operation Fund	8	9
Renewal and Improvements Fund	9,659,188	7,922,932
Payroll Clearing	100	100
Cash on Hand	800	800
Cash on Deposit -		
Collection Agent Accounts	200	200
Cash and Temporary Cash Investments - Current Assets	\$12,370,198	\$10,444,367
Unrestricted Cash and Cash Equivalents	\$ 5,726,932	\$ 3,926,108
Unrestricted Investments	6,643,266	6,518,259
	\$ 12,370,198	\$ 10,444,367

WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA

Statement of Cash Receipts and Disbursements - Restricted Assets
For the years ended June 30, 2025 and 2024

	<u>Current Debt Service Accounts</u>	<u>Future Debt Service Accounts</u>	<u>Water Revenue Bond Contingency</u>	<u>Construction Fund</u>	<u>Customer Meter Deposits</u>	<u>2025 Total</u>	<u>2025 Total</u>
	<u>Bond Fund</u>	<u>Bond Reserve</u>					
Cash and investments July 1	\$ 1,336,053	\$ 1,967,000	\$ 200,000	\$ -	\$ 1,181,686	\$ 4,684,739	\$ 4,583,612
Receipts:							
Interest earned	110,777	-	-	213,406	3,615	327,798	111,972
Customer deposits	-	-	-	-	161,815	161,815	134,815
Proceeds from Bonds				20,499,743		20,499,743	
Transfers from:							
Bond Fund	810,875	-	-	109,825	-	920,700	934,613
Bond Reserve	-	-	-	-	-	-	-
Total receipts	<u>921,652</u>	<u>-</u>	<u>-</u>	<u>20,822,974</u>	<u>165,430</u>	<u>21,910,056</u>	<u>1,181,400</u>
Disbursements:							
Interest	-	-	-	-	4,389	4,389	3,222
Refund of customer deposits	-	-	-	-	12,205	12,205	7,680
Transfers to:							
Bond Fund	1,119,581	1,403,131	-	1,750,692	-	4,273,404	1,134,613
Bond Reserve	-	-	-	481,445	-	481,445	-
Water Revenue Fund	-	-	-	-	99,410	99,410	116,495
Total disbursements	<u>1,119,581</u>	<u>1,403,131</u>	<u>-</u>	<u>2,232,137</u>	<u>116,004</u>	<u>4,870,853</u>	<u>1,262,010</u>
Cash and investments June 30	<u>\$ 1,138,124</u>	<u>\$ 563,869</u>	<u>\$ 200,000</u>	<u>\$ 18,590,837</u>	<u>\$ 1,231,112</u>	<u>\$ 21,723,942</u>	<u>\$ 4,503,002</u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Schedule of Maturities

\$20,000,000 Water Revenue Refunding Bonds, 2025 Series

Dated: February 25, 2025

Date of Maturity	Amount
01/01/2026	\$560,000
01/01/2027	450,000
01/01/2028	470,000
01/01/2029	495,000
01/01/2030	520,000
01/01/2031	545,000
01/01/2032	575,000
01/01/2033	600,000
01/01/2034	630,000
01/01/2035	665,000
01/01/2036	695,000
01/01/2037	730,000
01/01/2038	770,000
01/01/2039	805,000
01/01/2040	845,000
01/01/2041	880,000
01/01/2042	915,000
01/01/2043	955,000
01/01/2044	990,000
01/01/2045	1,035,000
01/01/2046	1,075,000
01/01/2047	1,125,000
01/01/2048	1,170,000
01/01/2049	1,225,000
01/01/2050	1,275,000
TOTAL	\$20,000,000

Bonds are in denominations of \$5,000 each, or any integral multiple thereof within a single maturity.

The Bonds maturing January 1, 2036, and thereafter, are callable for redemption at the option of the Issuer in full at any time on or after January 1, 2035, (but if less than a full maturity, then by lot within such maturity) at the principal amount thereof and accrued interest to the date fixed for redemption. Bonds are not required to be redeemed in inverse order of maturity.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2025

Agency Head Name: Wayne Gautreaux - General Manager

Purpose	Amount
Salary	\$113,081
Benefits - insurance	\$15,346
Benefits - retirement	\$11,404
Benefits - life insurance, short-term and long-term disability	\$779
Benefits - Medicare tax	\$1,584
Car Allowance	\$0
Vehicle provided by government - reported on W-2	\$0
Per Diem	\$0
Reimbursements:	
Conference Travel - mileage	\$0
Conference Travel - hotel	\$0
Conference Per Diem - meals	\$0
Travel	\$0
Registration fees	\$293
Conference travel	\$0
Continuing professional education fees	\$0
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$0
Fuel	\$0
Dues	\$0
Cell Phone	\$606
	\$143,093

This form is used to satisfy the reporting requirement of R.S. 24:513(A)(3) on Supplemental Reporting

WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA
Schedule of Metered Water Customers
June 30, 2024 and 2025
(Unaudited)

All sales of water are metered.

At June 30, 2024, there were 33,069 active metered customers.

At June 30, 2025, there were 33,016 active metered customers.

WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA
Schedule of Insurance in Force-Unaudited
June 30, 2025

Description	Company	Coverage	Deductible
General Liability 03/01/25 to 03/01/26	Kinsale Insurance Co	\$1,000,000 per occurrence \$2,000,000 total aggregate	
Commerical Property w/TRIA 03/01/25 to 03/01/26	Starr Surplus Lines Insurance Co	\$21,603,832 per occurrence \$2,000,000 annual aggregate	
Auto 03/01/25 to 03/01/26	Houston Specialty Ins. Co	\$1,000,000 total aggregate	
Umbrella/Excess Liaibility 03/01/25 to 03/01/26	Evanston Insurance Co	\$25,162,341 per occurrence excess of various deductibles	\$25,000 each location, \$10,000 pysical damag
Employee Dishonesty 03/01/25 to 03/01/26	Great American Assurance Co	Limit \$250,000	\$ 2,500
Wrongful Acts & Professional Liability 03/01/25 to 03/01/26	Indian harbor Insurance Co	\$50,000	
Boiler & Machinery 03/01/25 to 03/01/26	Travelers Property Insurance Co.	\$50,000,000 Total Limit Breakdown	\$ 1,000
Public Officials Oath Bond 08/01/25 to 08/01/26	CNA Surety Co.	\$50,000	
Worker's Compensation 03/01/25 to 03/01/26	LUBA Casulty Insurance Co	\$1,000,000 each accident	
Employment Practices Liability 03/01/25 to 03/01/26	Indian harbor Insurance Co	\$1,000,000 each accident	
Employee Dishonesty till cancelled	CNA Surety Co./Western Surety Co	\$50,000	
Pollution Liability 5/17/25 to 5/17/26	Ascot Specialty Insurance Co	\$1,000,000 limit	\$25,000



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To the Board of Commissioners
Water District No. 1 of the Parish of Lafourche,
State of Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities of the Water District No. 1, of the Parish of Lafourche, State of Louisiana, (the District) a component unit of the Lafourche Parish Council, as of and for the years ended June 30, 2024 and 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated December 1, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of internal controls.

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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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.

Stagni & Company

December 1, 2025
Thibodaux, Louisiana



STAGNI & COMPANY, LLC

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

To the Board of Commissioners
Water District No. 1 of the Parish of Lafourche
State of Louisiana

Report On Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the Lafourche Parish Water District No. 1 (the District) with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material on each of its major federal programs for the year ended June 30, 2024 and 2025. The major programs are identified in the summary of auditor’s results section of the accompanying schedule of current year findings.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024 and 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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about 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 compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 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 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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

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 misstatements on a timely basis. A *material weakness in internal control over compliance* is a deficiency or 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 in internal control over compliance* 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.

To the Commissioners of the
Water District No. 1 of the Parish of Lafourche
Page 3

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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. This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

December 1, 2025
Thibodaux, Louisiana

Lafourche Parish Water District No. 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Federal Award/ Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury			
American Rescue Plan Act of 2021 (ARPA)			
Coronavirus State Fiscal Recovery Fund			
Homeland Security & Emergency Preparedness			
Louisiana Division of Administration through the			
Office of Community Development (DOA-OCD)			
Water Sector Funding			
	21.027	LAWSP107702	\$2,454,871 *
Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
	97.036	Hurricane Francine	\$91,814
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
	97.036	Hurricane Ida	<u>\$1,495,226</u>
			<u>\$1,587,040</u>
Total Expenditures of Federal Awards			\$4,041,911

NOTES TO THE SCHEDULE OF FEDERAL AWARDS:
Note 1 - Basis of Presentation

* Tested as major program

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Lafourche Parish Water District No. 1, under programs of the federal government 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, it is not intended to and does not present the financial position, changes in net assets, or cash flows.

Note 2 - Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting, which is described in Note 1 to the financial statements. Such expenditures are recognized following the cost principles in the **Uniform Guidance**, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected NOT to use the 10 percent de minimum indirect cost rate as allowed under Section 200.414 Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. A reconciliation of the federal expenditures to the federal revenues presented in the financial statements is outlined below:

Federal Expenditures per the Schedule of Federal Awards	\$ 4,041,911
Revenues from Other Sources/Matching to cover Expenses	<u>(2,118,820)</u>
Federal Revenues	<u>\$ 1,923,091</u>

Lafourche Parish Water District No. 1
SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended June 30, 2025

Section I - Summary of Auditor's Reports

1. The independent auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies in internal control were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance, required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies in internal control over a major award program were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal awards programs expresses an unmodified opinion on the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs
6. There were no findings required to be reported in accordance with CFR 200.516 of the Uniform Guidance are included in this Schedule.
7. The programs tested as major programs were:

Assistance Listing Number(s) Name of Federal Program (or Cluster)

21.027 Coronavirus State Fiscal Recovery Funds

8. The threshold used to distinguish between Type A and Type B Programs as described in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was **\$750,000**.
9. The auditee is considered a 'low-risk' auditee, as defined by Uniform Guidance.

Section II - Financial Statement Findings

NONE TO REPORT

Section III Federal Award Findings and Questioned Costs

NONE TO REPORT