

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1
Cameron, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2025

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	3-6
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	8
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	9-10
STATEMENT OF CASH FLOWS	11-12
NOTES TO FINANCIAL STATEMENTS	13-31
REQUIRED SUPPLEMENTAL INFORMATION	
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	33
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY	34
SCHEDULE OF EMPLOYER CONTRIBUTIONS	35
SUPPLEMENTAL INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	37
OTHER INFORMATION	
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER	39
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	40-41
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	42-44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	45-46

INDEPENDENT AUDITORS' REPORT

June 26, 2026

Board of Commissioners
South Cameron Consolidated Waterworks District No. 1
Cameron, Louisiana

Opinions

We have audited the accompanying financial statements of the business-type activities of South Cameron Consolidated Waterworks District No. 1, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise South Cameron Consolidated Waterworks District No. 1's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the South Cameron Consolidated Waterworks District No. 1 as of December 31, 2025, and the respective changes in financial position and cash flows 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 of financial audits contained in *the 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 South Cameron Consolidated Waterworks District No. 1 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 opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

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South Cameron Consolidated Waterworks District No. 1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Cameron Consolidated Waterworks District No. 1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Cameron Consolidated Waterworks District No. 1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net OPEB liability and related ratios, schedule of employer's proportionate share of net pension liability and schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Cameron Consolidated Waterworks District No.1 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises of The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer but does not include the basic financial statements and our auditors' 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.

Report on Summarized Comparative Information

We have previously audited South Cameron Consolidated Waterworks District No. 1's December 31, 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 25, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026, on our consideration of South Cameron Consolidated Waterworks District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 South Cameron Consolidated Waterworks District No. 1's internal control over financial reporting and compliance.

Sharon, Cassidy: Shillery

BASIC FINANCIAL STATEMENTS

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Statement of Net Position

December 31, 2025

	2025	2024
ASSETS		
Current Assets		
Cash	\$ 1,547,672	\$ 1,491,659
Investments	1,910,352	1,830,606
Receivables		
Ad valorem taxes, net	407,955	547,290
Accounts, net	61,314	26,162
Intergovernmental - Grants	523,666	2,745,915
Intergovernmental - FEMA	156,262	195,037
Total Current Assets	4,607,221	6,836,669
Property, plant and equipment		
Buildings	199,573	199,573
Distribution system	12,206,879	9,341,507
Furnitures, fixtures and equipment	1,215,181	1,116,024
	13,621,633	10,657,104
Less accumulated depreciation	8,797,829	8,237,627
	4,823,804	2,419,477
Construction in progress	10,741,635	5,900,962
Land	45,950	45,950
	15,611,389	8,366,389
Other assets		
Net pension asset	32,304	-
TOTAL ASSETS	20,250,914	15,203,058
DEFERRED OUTFLOWS OF RESOURCES	186,509	236,602
LIABILITIES		
Current Liabilities		
Accounts payable	570,504	2,794,957
Accrued liabilities	130,774	14,306
Intergovernmental - Cameron Parish		
Wastewater District No. 1	169,995	184,341
Total Current Liabilities	871,273	2,993,604
Long-term Liability		
Net pension liability	-	28,753
Net OPEB Obligation	289,237	306,352
TOTAL LIABILITIES	1,160,510	3,328,709
DEFERRED INFLOWS OF RESOURCES	125,179	106,842
NET POSITION		
Net investment in capital assets	15,611,389	8,366,389
Net position - unrestricted	3,540,345	3,637,720
TOTAL NET POSITION	\$ 19,151,734	\$ 12,004,109

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

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Statement of Revenues, Expenses
and Changes in Net Position

Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Charges for services	\$ 476,880	\$ 301,810
Fees and installation charges	18,282	2,776
Miscellaneous revenue	22,365	29,232
TOTAL OPERATING REVENUES	<u>517,527</u>	<u>333,818</u>
OPERATING EXPENSES		
Advertising	3,282	3,339
Auto	30,511	10,662
Bank charges	2,045	1,530
Dues	11,028	7,147
Depreciation	560,202	550,567
Equipment rental	(4,064)	5,720
Insurance - general	38,795	40,595
Insurance - health	120,796	113,571
Insurance - health retirees/OPEB	10,039	84,964
Licenses and permits	154	30
Maintenance	266,332	263,927
Miscellaneous	25,144	20,340
Office supplies	29,097	34,706
Per diem	2,340	2,040
Postage	2,736	1,962
Professional fees	23,457	18,006
Rent	695	7,033
Retirement - employees	27,128	23,660
Retirement - GASB 68 (Benefit)	(4,155)	(36,225)
Salaries	341,328	322,536
Supplies	15,835	4,211
Taxes	8,206	6,957
Telephone	9,761	6,678
Training	1,209	2,429
Travel	2,042	1,108
Utilities	68,824	55,396
TOTAL OPERATING EXPENSES	<u>1,592,767</u>	<u>1,552,889</u>
OPERATING INCOME (LOSS)	(1,075,240)	(1,219,071)

Continued

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

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Statement of Revenues, Expenses
and Changes in Net Position- Continued

Year Ended December 31, 2025

NON-OPERATING REVENUES (EXPENSES)	2025	2024
Ad valorem taxes, net	\$ 525,441	\$ 518,416
Intergovernmental - Grants	7,618,730	5,900,962
Intergovernmental - FEMA	68,168	73,735
Interest	92,221	107,559
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>8,304,560</u>	<u>6,600,672</u>
CHANGE IN NET POSITION	7,229,320	5,381,601
NET POSITION - BEGINNING	12,004,109	6,622,508
Prior period adjustment	(81,695)	-
NET POSITION - BEGINNING - RESTATED	<u>11,922,414</u>	<u>6,622,508</u>
NET POSITION - ENDING	<u>\$ 19,151,734</u>	<u>\$12,004,109</u>

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

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Statement of Cash Flows

Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers and others	\$ 482,375	\$ 343,308
Payments for supplies and services	(2,895,263)	1,466,346
Payments to employees	<u>(351,070)</u>	<u>(286,118)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	(2,763,958)	1,523,536
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	664,776	493,446
Intergovernmental - FEMA	106,943	564,458
Intergovernmental - Grants	<u>9,840,979</u>	<u>3,155,047</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	10,612,698	4,212,951
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of fixed assets	<u>(7,805,202)</u>	<u>(5,917,860)</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(7,805,202)	(5,917,860)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sale of investments	(79,746)	(96,514)
Interest on investments	<u>92,221</u>	<u>107,559</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>12,475</u>	<u>11,045</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	56,013	(170,328)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,491,659</u>	<u>1,661,987</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,547,672</u></u>	<u><u>\$ 1,491,659</u></u>

Continued

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

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Statement of Cash Flows - Continued

Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,075,240)	\$ (1,219,071)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	560,202	550,567
(Increase) decrease in		
Accounts receivable	(35,152)	9,490
Deferred outflows	50,093	(50,809)
Increase (decrease) in		
Accounts payable	(2,224,453)	2,744,237
Accrued liabilities	34,773	4,303
Intergovernmental payable	(14,346)	(602,408)
Net pension liability	(61,057)	(52,495)
Net OPEB obligation	(17,115)	79,111
Deferred inflows	18,337	60,611
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (2,763,958)</u>	<u>\$ 1,523,536</u>

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

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Cameron Consolidated Waterworks District No. 1 was created by the Cameron Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing wastewater services to the Cameron areas of the Parish. The District is governed by a board of commissioners composed of five members.

Effective November 9, 2023, Cameron Parish Waterworks District No. 1, Cameron Parish Waterworks District No. 7 and Cameron Parish Waterworks District No. 9 were combined by the Cameron Parish Police Jury to form the South Cameron Consolidated Waterworks District No. 1.

1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for South Cameron Consolidated Waterworks District No. 1. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

2. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered and nonmetered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. Cash and investments

Cash

The cash and cash equivalents of the District are subject to the following risks.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the financial agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

exceed the amount on deposit with the fiscal bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the District diversifies its investments by security type and institution.

Credit Risk: Generally, credit risk is the risk that the issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates of time deposits of state banks organized under Louisiana law and national banks organized under Louisiana law and national banks having principal offices in Louisiana. Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2025, the District has \$1,489,118 in deposits (collected bank balances). These deposits are secured from risk by \$689,362 of federal deposit insurance and \$799,756 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

State statutes authorize the District to invest in Louisiana Asset Management Pool (LAMP), U.S. Treasury notes and bonds, U.S. agency securities, and other governmental debt obligations with limited exceptions as noted in LA-R.S. 33.2955. Investments in time certificates of deposits can be placed with state banks, national banks or federal credit unions as permitted in state statute. Corporate bonds can purchased with from companies incorporated in the United States, with a Standards and Poor's credit rating of AA- and have a maturity date of 5 years or less.

As of December 31, 2025, the District had its assets in money market instruments, certificates of deposits, U.S. Treasury notes, U.S. agency securities and municipal bonds held in custody by financial institutions. The below schedule identifies the investments by type:

Type of Debt Investment	Fair Value	Maturity			Credit Rating (Moody's)
		Less than 1 Year	1 to 5 Years	6 to 10 Years	
Investments measured at the net asset value (NAV)					
UBS Select Treasury Institutional Fund	334,585	334,585			Aaa
External Investment Pool	1,575,767	1,575,767	-	-	Aaa
Subtotal	1,910,352	1,910,352	-	-	
Total Investments	\$ 1,910,352	\$ 1,910,352	\$ -	\$ -	

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Level 1 inputs – U.S. Treasury Funds totaling \$334,585.

Interest Rate Risk: The District's policy on investments states that safety of principal is the foremost objective, followed by liquidity and yield. Each investment transaction shall seek to first insure that capital losses are avoided no matter the sources.

Credit Rate Risk: The District's has investments in an external investment pool \$1,575,767 that is rated Aaa by Moody's. Its policy states that investment decisions should not incur unreasonable risks in order to obtain current investment income and requires the overall quality rating to be no lower than AA- as measured by Standard & Poor's or the equivalent rating (Aa3) by Moody's Investor Service.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Concentration of Credit Risk: The District's investment portfolio had concentration of credit risk on December 31, 2025 due to the holdings of securities issued by the following U.S. Treasury Bills that are both permitted by Statute and by the District's Investment Policy. The District's investment portfolio consisted of 18% in UBS Select Treasury Investor Fund and 82% in money market investments in LAMP.

Custodial Credit Risk-Investments: For an investment, this is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy addresses custodial credit risk for investments by requiring that they must be held by national banks, state-chartered banks or a national or state trust company in the name of the District.

The \$1,575,767 in money market investments is invested in LAMP. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955. LAMP is a governmental investment pool that reports at fair value. The following facts are relevant for investment pools:

Credit risk: LAMP is rated Aaa by Moody's and AAAM by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

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

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

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Receivables

The District utilizes the allowance method to recognize doubtful accounts. The allowance for doubtful accounts at December 31, 2025 was \$0.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water and sewer user fees. The District's ability to collect the amounts due from the users of the District system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disasters or other calamity in this one concentrated geographic location.

Intergovernmental – FEMA receivable of \$156,262 at December 31, 2025 represents expected FEMA and Insurance reimbursements from the 2020 Hurricane damages. In the period ended December 31, 2025, the District received \$106,943 related FEMA funds.

5. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Vacation – 5-25 days per year depending on length of service

Sick Leave – 12-18 days per year, depending on length of service

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 101 provides that vacation leave, sick leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is more likely than not that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

At December 31, 2025, the District had an accrual for compensated absences of \$88,481.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents.

7. Net Position

In the financial statements, equity is classified as net assets and displayed in three components:

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

When an expenditure is incurred for the purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District the committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

8. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 and expenses during the reporting period. Actual results could differ from those estimates.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Subsequent Events

Management has evaluated subsequent events through June 26, 2026, the date the financial statements were available to be issued.

10. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

NOTE B – AD VALOREM TAXES

For the period ended December 31, 2025, there were no ad valorem taxes assessed by the District. However, the three "taxing districts" listed below are included with the legal entity of South Cameron Consolidated Waterworks District No. 1.

	Cameron Waterworks District		
	<u>No. 1</u>	<u>No. 7</u>	<u>No. 9</u>
Taxable assessed valuations	\$ 38,067,683	\$14,966,964	\$29,460,394
Mills	7.90	15.33	6.47
Total taxes levied were	<u>\$ 300,735</u>	<u>\$ 229,444</u>	<u>\$ 190,609</u>

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C – PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

All property, plant and equipment are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE C – PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	9-40 years
Distribution system	40-50 years
Furniture and equipment	5-10 years

A summary of changes in fixed assets for the period ended December 31, 2025 are as follows:

	Fixed Assets			
	Beginning of Period	Additions	Deletions	End of Period
Buildings	\$ 199,573	\$ -	\$ -	\$ 199,573
Distribution system	9,341,507	2,865,372	-	12,206,879
Equipment and furniture	1,116,024	99,157	-	1,215,181
Land	45,950	-	-	45,950
Construction in progress	5,900,962	4,840,673	-	10,741,635
	16,604,016	<u>\$7,805,202</u>	<u>\$ -</u>	24,409,218
Less accumulated depreciation	<u>8,237,627</u>			<u>8,797,829</u>
TOTALS	<u>\$ 8,366,389</u>			<u>\$15,611,389</u>

Depreciation expense was \$560,202 for the period ended December 31, 2025.

Construction in progress (CIP) at December 31, 2025 of \$10,741,635 consists of the following:

	CIP	Remaining Costs to Complete	Completion Year
Water consolidation Project	\$ 10,741,635	\$ 4,200,000	2026

This project is to be reimbursed through the Coronavirus State and Local Fiscal Recovery Funds grant. The District received \$10,217,969 for construction in progress through December 31, 2025. Accounts receivable at December 31, 2025 is \$523,666.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE D - RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the District's full-time employees. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District's participation in these systems are provided below.

Parochial Employees' Retirement System

The System is composed of two district plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week and not participating in another public funded retirement system. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees hired prior to January 1, 2007 can retire at any age with 30 or more years of creditable service, age 55 with 25 years of creditable service, age 60 with 10 years of creditable service, or age 65 with 7 years of creditable service. Employees hired after January 1, 2007 can retire at age 55 with 30 or more years of creditable service, age 62 with 10 years of creditable service, or age 67 with 7 years of creditable service. Retirees are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 11.50% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the period ended December 31, 2025 totaled \$36,904.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

At December 31, 2025, the District reported a net pension liability(asset) of \$(32,304) for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2025, the District's proportion was .0321237%.

For the period ended December 31, 2025, the District recognized pension benefit of \$4,155 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$247. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,714	\$ 2,809
Difference between expected and actual assumption	-	3,555
Difference between expected and actual investment	-	21,273
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	900	(840)
Contributions subsequent to the measurement date	33,675	-
Total	<u>\$ 54,289</u>	<u>\$ 26,797</u>

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE D - RETIREMENT COMMITMENTS – CONTINUED

\$33,675 reported as 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 period ended December 31, 2026. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Amount</u>
2026	\$ 23,830
2027	56,755
2028	(62,651)
2029	(30,848)
2030	-
Thereafter	-

Actuarial methods and assumption. The total pension liability in the December 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2024
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.40% (Net of investment expense, including inflation)
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A – 4.75%

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

Cost of Living Adjustments

The present values of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet amortized by the Board of Trustees.

Mortality

Pub-2010 Public Retirement Plans Mortality Table for Healthy 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 MP2021 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2021 scales for disabled annuitants.

The discount rate used to measure the total pension liability was 6.40% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE D - RETIREMENT COMMITMENTS – CONTINUED

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations and 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 major asset 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%
Total	100%	4.73%
Inflation		2.40%
Expected Arithmetic Nominal Return		7.13%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2018 through December 31, 2022. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2021 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2021 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generation projection using the MP2021 scale.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE G – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - CONTINUED

Sensitivity to changes in discount rate. The following presents the net pension liability of the District calculated using the discount rate of 6.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.40% or one percentage point higher 7.40% than the current rate.

	Changes in Discount Rate		
	Plan A		
	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
Net Pension Liability (Asset)	\$ 164,860	\$ (32,304)	\$ (197,801)

NOTE E - PER DIEM

As provided by Louisiana Revised Statute 33:4504, the board members received \$60 per diem for each regular and special meeting attended, but shall not be paid for more than twelve meetings in each year.

Joseph Baccigalopi	\$ 360
Shane Broussard	600
Michelle Trahan	360
Vickie Kiffe	420
Todd Conner	360
Tammy Vincent	540
	<u>\$ 2,640</u>

NOTE F - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past four fiscal years.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE G – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan description – District provides certain continuing health care and life insurance benefits for its retired employees. District's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with 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 and life insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: 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.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. A level \$20,000 amount of insurance coverage while active is continued after retirement.

Employees covered by benefit terms – At December 31, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>5</u>
	<u>9</u>

Total OPEB Liability

South Cameron Consolidated Waterworks's total OPEB liability of \$289,237 was measured as of December 31, 2025 and was determined by an actuarial valuation as of that date.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE G – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – CONTINUED

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 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	3.0%
Salary increases	3.0%, including inflation
Discount rate	4.08% annually
Healthcare cost trend rates	Getzen model, with initial trend of 5.5%
Mortality	Pub-2010/MP-2021

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation Index as of December 31, 2025, the end of the applicable measurement period.

Mortality rates were based on the SOA RP-2014 Combined Mortality Table.

The actuarial assumptions used in the December 31, 2025 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2025.

Changes in the Total OPEB Liability

Balance at December 31, 2024	\$ 306,352
Changes for the period:	
Service cost	6,375
Interest	12,629
Differences between expected and actual experience	17,356
Changes in assumptions	(22,638)
Benefit payments and net transfers	(30,837)
Net changes	(17,115)
Balance at December 31, 2025	\$ 289,237

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of South Cameron Waterworks, as well as what South Cameron Waterworks' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.83%) or 1-percentage-point higher (5.88%) than the current discount rate:

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE G – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS -
CONTINUED

	1.0% Decrease (3.83%)	Current Discount Rate (4.83%)	1.0% Increase (5.83%)
Total OPEB liability	\$ 320,074	\$ 289,237	\$ 263,047

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of South Cameron Waterworks, as well as what South Cameron Waterworks' total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 279,811	\$ 289,237	\$ 300,550

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

For the period ended December 31, 2025, South Cameron Waterworks recognized OPEB benefit of \$5,286. At December 31, 2025, South Cameron Waterworks 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	\$ 98,667	\$ (24,194)
Changes in assumptions	33,553	(74,188)
Total	\$ 132,220	\$ (98,382)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:	Amount
2026	6,245
2027	6,245
2028	6,245
2029	16,176
2030	(322)
Thereafter	(755)

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Notes to Financial Statements

December 31, 2025

NOTE H – TAX ABATEMENT

Louisiana's State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millages in force at the time. The future value of this exempt property could be subject to significant fluctuation from today's value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Cameron Parish Police Jury and directly affect the District's ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the District's financial statements to record a receivable. As of December 31, 2025, \$989,308.179 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$7,815,535 in ad valorem taxes.

NOTE I – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to net position for the implementation of GASB 101, Compensated Absences. Beginning net position was reduced by \$81,695 and beginning accrued liabilities was increased by \$81,695 to record beginning compensated absences

REQUIRED SUPPLEMENTAL INFORMATION

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Schedule of Changes in Net OPEB Liability and Related Ratios

Year Ended December 31, 2025

	December 31, 2023	December 31, 2024	December 31, 2025
Total OPEB Liability			
Service cost	\$ -	\$ 9,371	\$ 6,375
Interest	-	10,992	12,629
Changes of benefit terms		-	-
Differences between expected and actual experience	-	11,859	17,356
Changes of assumptions	-	77,155	(22,638)
Benefit payments	-	(30,266)	(30,837)
Net change in total OPEB Liability	-	79,111	(17,115)
Total OPEB liability - beginning	<u>227,241</u>	<u>227,241</u>	<u>306,352</u>
Total OPEB liability - ending (a)	<u><u>\$ 227,241</u></u>	<u><u>\$ 306,352</u></u>	<u><u>\$ 289,237</u></u>
Covered-employee payroll	\$ 39,832	\$ 282,600	\$ 334,712
Net OPEB liability as a percentage of covered-employee payroll	570.50%	108.40%	86.41%
Notes to Schedule:			
<i>Benefit Changes.</i>	None	None	None
<i>Changes of Assumption.</i>			
Discount rate	3.26%	4.08%	4.83%
Mortality	Pub-2010/2021	Pub-2010/2021	Pub-2010/2021
Trend	Getzen model	Getzen model	Getzen model

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

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Schedule of Employer's Proportionate Share of Net Pension Liability

Year Ended December 31, 2025

Parochial Employees' Retirement System of Louisiana

<u>Date</u>	<u>Employer's portion of the net pension liability (asset)</u>	<u>Employer's proportionate share of the net pension liability (asset)</u>	<u>Employer's covered payroll</u>	<u>Employers' proportionate share of the net pension liability (asset) as a percentage of it's covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Parochial Employees Retirement System of Louisiana (System):					
2023	0.02111%	\$ 81,248	\$ 39,832	203.98%	91.74%
2024	0.03004%	\$ 28,753	\$ 282,600	10.17%	98.03%
2025	0.03212%	\$ (32,304)	\$ 334,712	-9.65%	101.97%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*The amounts presented have a measurement date of December 31, 2024.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Schedule of Employer Contributions

Year Ended December 31, 2025

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochical Employees' Retirement System of Louisiana					
2023	\$ 3,646	\$ 3,646	\$ -	\$ 39,832	9.2%
2024	\$ 30,795	\$ 30,795	\$ -	\$ 282,600	10.9%
2025	\$ 36,904	\$ 36,904	\$ -	\$ 334,712	11.0%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SUPPLEMENTAL INFORMATION

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Project Number	CFDA Number	Expenditures
<u>United States Department of Treasury</u>			
Coronavirus State and Local Fiscal Recovery Funds		21.027	\$ 4,840,673 *
 TOTAL FEDERAL AWARDS			 <u>\$ 4,840,673</u>

Note A -- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the South Cameron Consolidated Waterworks District No.1 under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the South Cameron Consolidated Waterworks District No.1, it is not intended to and does not present the financial position, changes in net position, or cash flows of South Cameron Consolidated Waterworks District No.1

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2) The South Cameron Consolidated Waterworks District No.1 has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

*- Denotes Major Program

OTHER INFORMATION

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended December 31, 2025

Chief Executive Officer: Joseph Baccigalopi, Board President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	360
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

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

June 26, 2026

Board of Commissioners
South Cameron Consolidated Water District No. 1
Cameron, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the South Cameron Consolidated Waterworks District No. 1, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise South Cameron Consolidated Waterworks District No. 1's basic financial statements, and have issued our report thereon dated June 26, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Cameron Consolidated Waterworks District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Cameron Consolidated Waterworks District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of South Cameron Consolidated Waterworks District No. 1's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

Compliance and Other Matters

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

South Cameron Consolidated Waterworks District No. 1's Response to Findings

South Cameron Consolidated Waterworks District No. 1's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Sharon, Cassidy: Shillory

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

June 26, 2026

Board of Commissioners
South Cameron Consolidated Waterworks District No. 1
Cameron, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the South Cameron Consolidated Waterworks District No. 1's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 *Governmental 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 Auditors' Responsibilities 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 related 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.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sharon Cassidy: Shillery

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Schedule of Findings and Questioned Costs

Year Ended December 31, 2025

1. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses(es) identified? _____ yes X no
- Control deficiencies identified that are not considered to be material weakness(es)? X yes _____ none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Control deficiency(s) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: unmodified

The audit disclosed no findings required to be reported under Section 2 CFR §200.5016(a) of Uniform Guidance.

The following programs were considered to be major programs:

U.S. Department of Treasury

Coronavirus State and Local Fiscal Recovery Fund Covid-19 - 21.027

The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Uniform Guidance was \$1,000,000.

The auditee is qualified as a high-risk auditee under Section 530 of Uniform Guidance.

2. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding #2025-001

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

SOUTH CAMERON CONSOLIDATED WATERWORKS DISTRICT NO. 1

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2025

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management Response/Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review bank reconciliations on a monthly basis.

3. Findings and Questioned Costs for Federal Awards

None

4. Prior Year Findings

Finding #2024-001

Inadequate segregation of duties

Corrective Action Taken: None, repeat finding in 2025.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2025

June 26, 2026

Board of Commissioners
South Cameron Consolidated Waterworks District No.1
and the Louisiana Legislative Auditor
Cameron, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2025 through December 31, 2025. The District's management is responsible for those C/C areas identified in the SAUPs.

South Cameron Consolidated Waterworks District No.1 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal year January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- i. *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

No exceptions were found as a result of this procedure.

- ii. *Purchasing*, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

No exceptions were found as a result of this procedure.

- iii. *Disbursements*, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

- iv. *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions were found as a result of this procedure.

- v. *Payroll/Personnel*, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exceptions were found as a result of this procedure.

- vi. *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions were found as a result of this procedure.

- vii. *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions were found as a result of this procedure.

- viii. *Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions were found as a result of this procedure.

- ix. *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy

No exceptions were found as a result of this procedure.

- x. *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions were found as a result of this procedure.

- xi. *Information Technology Disaster Recovery/Business Continuity*, includes (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover

operations after a critical event.

No exceptions were found as a result of this procedure.

- xii. *Prevention of Sexual Harassment*, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were found as a result of this procedure.

2) Board or Finance Committee

- A. Obtain and inspect the board finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

- i. Observe that the board finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were found as a result of this procedure.

- ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board finance committee meetings held during the fiscal year and observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were found as a result of this procedure.

- iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

No exceptions were found as a result of this procedure.

- iv. Observe whether the board finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions were found as a result of this procedure.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged):

No exceptions were found as a result of this procedure.

- ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared. (e.g., initialed and dated, electronically logged); and

No exceptions were found as a result of this procedure.

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

One of the bank reconciliations selected included items that have been outstanding for more than 12 months with no documentation reflecting management's research.

Management Response: Management will document its research of items outstanding for more than 12 months.

4) Collections

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The listing was provided by management.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites). obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe the job duties are properly segregated at each collection location such that:

- i. Employees that are responsible for cash collections do not share cash drawers registers;

The cash drawer is shared at a collection location.

Management Response: Per management there is limited personnel, not feasible.

- ii. Each employee responsible for collecting cash is not responsible for preparing making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit:

The employee responsible for collecting cash is responsible for preparing/making bank deposits.

Management Response: Per management there is limited personnel, not feasible.

- iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

The employee responsible for posting collection entries to the ledgers is responsible for collecting cash.

Management Response: Per management there is limited personnel, not feasible.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not responsible for collecting cash, unless another employee official verifies the reconciliation.

The employee responsible for reconciling cash collections to the ledgers is responsible for collecting cash.

Management Response: Per management there is limited personnel, not feasible.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions were found as a result of this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supported documentation for each of the deposits and:

- i. Observe that receipts are sequentially pre-numbered.

Receipts are not sequentially pre-numbered.

Management Response: Management will ensure that receipts are sequentially, pre-numbered moving forward.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions were found as a result of this procedure.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing was provided by management.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Purchase orders are not utilized. Purchases can be initiated by a single employee.

Management Response: Per management there is limited personnel, not feasible.

- ii. At least two employees are involved in processing and approving payments to vendors,

At least two employees are not involved in processing and approving payments to vendors.

Management Response: Per management there is limited personnel, not feasible.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

Employee responsible for processing payments can add/modify vendor files.

Management Response: Per management there is limited personnel, not feasible.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

The employee responsible for processing payments mails payments after checks are signed.

Management Response: Per management there is limited personnel, not feasible.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions were found as a result of this procedure.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions were found as a result of this procedure.

- ii. Observe whether the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No evidence of segregation of duties.

Management Response: Per management there is limited personnel, not feasible.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

No evidence of segregation of duties.

Management Response: Per management there is limited personnel, not feasible.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete

The listing was provided by management.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
- Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excess fuel card usage) were reviewed and approved, in writing, (or electronically approved) by someone other than the authorized card holder; and

Supporting documentation for the statement was not maintained.

Management Response: Management will ensure that supporting documents for the statements are kept moving forward.

- Observe that finance charges and late fees were not assessed on the selected statements.

A late fee was assessed on the selected statement.

Management Response: Management will ensure the statement bill is paid on time so there are no late fees assessed moving forward.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Supporting documentation for the statement was not maintained and no business/public purpose was written down.

Management Response: Management will ensure that supporting documents are kept and the business/public purpose is written down moving forward.

- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

No exceptions were found as a result of this procedure.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense

documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions were found as a result of this procedure.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions were found as a result of this procedure.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions were found as a result of this procedure.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of this procedure.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions were found as a result of this procedure.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

No exceptions were found as a result of this procedure.

- iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions were found as a result of this procedure.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to the authorized salaries/pay rates in the personnel files.

No exceptions were found as a result of this procedure.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation sick, compensatory):

No exceptions were found as a result of this procedure.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were found as a result of this procedure.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions were found as a result of this procedure.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to the entity policy.

No exceptions were found as a result of this procedure.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

Ethics training was not completed by all employees.

Management Response: Management will ensure all employees complete ethics training moving forward.

- ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were found as a result of this procedure.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions were found as a result of this procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

The District did not issue any debt.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The District has no debt outstanding.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523

The District was not aware of any misappropriation of public funds or assets during the fiscal year.

- B. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management":

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

Backups were not completed.

Management Response: Management will ensure that backups are completed moving forward.

- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test verification was successfully performed within the past 3 months.

No testing was performed to ensure backups can be restored.

Management Response: Management will verify backups can be restored moving forward.

- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions were found as a result of this procedure.

- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions were found as a result of this procedure.

- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Cybersecurity training was not completed by all employees.

Management Response: Management will ensure all employees complete cybersecurity training moving forward.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions were found as a result of this procedure.

- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were found as a result of this procedure.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions were found as a result of this procedure.

- ii. Number of sexual harassment complaints received by the agency;

No exceptions were found as a result of this procedure.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions were found as a result of this procedure.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions were found as a result of this procedure.

- v. Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.

We were engaged by South Cameron Consolidated Waterworks District No. 1 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of South Cameron Consolidated Waterworks District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Shagun, Cassidy: Gullery