

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA**

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 2025**

Ebarb Waterworks District No. 1
Zwolle, Louisiana

Financial Report
December 31, 2025

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Ebarb Waterworks District

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Ebarb Waterworks District No. 1's (hereafter referred to as the District) annual financial report presents an overview and analysis of the District's financial activities for the year ended December 31, 2025. Certain comparative information with the previous year is presented to provide an overview of the District's operations.

Financial Highlights

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

Financial Analysis of Ebarb Waterworks District No. 1

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

For comparison purposes, a Condensed Statement of Net Position and a Condensed Statement of Revenues, Expenses and Changes in Net Position are presented below:

Condensed Statement of Net Position

	<u>2025</u>	<u>2024</u>
Current and Other Assets	\$ 2,249,652	\$ 1,785,516
Capital Assets, net	<u>5,099,568</u>	<u>3,073,808</u>
Total Assets	<u>\$ 7,349,220</u>	<u>\$ 4,859,324</u>
Current and Other Liabilities	\$ 1,585,712	\$ 933,004
Noncurrent Liabilities	<u>2,092,691</u>	<u>1,959,113</u>
Total Liabilities	<u>\$ 3,678,403</u>	<u>\$ 2,892,117</u>
Net Position:		
Net Investment in Capital Assets	\$ 3,036,993	\$ 1,160,768
Restricted for Debt Service	475,219	517,656
Unrestricted	<u>158,605</u>	<u>288,783</u>
Total Net Position	<u>\$ 3,670,817</u>	<u>\$ 1,967,207</u>

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

	<u>2025</u>	<u>2024</u>
Operating Revenues	\$ 2,338,166	\$ 2,097,859
Operating Expenses	<u>2,283,770</u>	<u>1,976,839</u>
Operating Income (Loss)	\$ 54,396	\$ 121,020
Nonoperating Revenues (expenses)	<u>1,649,214</u>	<u>273,709</u>
Change in Net Position	<u>\$ 1,703,610</u>	<u>\$ 394,729</u>

Sources of Revenue

Charges for water service totaled \$2,338,166 or 58% of total revenue of the District for the year ended December 31, 2025.

Expenses

The majority of the District's total expenses are for personnel services, depreciation, and water purchases. Personnel services totaled \$298,373 which is 13% of total operating expenses. Depreciation totaled \$223,471 which is 10% of total operating expenses. Water Purchases totaled \$670,909 which is 29% of total operating expenses.

Capital Assets

The District's capital assets consist of the distribution system and related equipment, along with land.

Long-Term Debt

The District issued bonds for the purpose of improving the waterworks system. The payments on these bonds and the applicable bond covenants are made on a timely basis.

Economic Factors

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

Contacting the Waterworks District's President

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or requests for additional information, contact Board President, P.O. Box 1366, Zwolle, LA 71486.

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

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INDEPENDENT AUDITOR'S REPORT

President and Members of the Board
Ebarb Waterworks District No. 1
Zwolle, Louisiana 71486

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and major fund of the District as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 1 through 3) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be

an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, Summary of Utility Service Customers, Schedule of Insurance in Force, List of Governing Body Positions and Terms, and Rate List listed as other supplementary information in the Table of Contents are presented for purposes of additional analysis and are 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 Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, Summary of Utility Service Customers, Schedule of Insurance in Force, List of Governing Body Positions and Terms, and Rate List are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated June 1, 2026, on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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

June 1, 2026

PROPRIETARY FUND-ENTERPRISE FUND
FINANCIAL STATEMENTS

Ebarb Waterworks District No. 1
Statement of Net Position
December 31, 2025

ASSETS:

Current Assets:

Cash & Cash Equivalents	\$ 103,389
Revenue Receivable	789,922
Prepaid Expenses	<u>9,372</u>

Total Current Assets	<u>\$ 902,683</u>
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Non-current Assets:

Restricted Cash & Cash Equivalents	\$ 1,346,969
Capital Assets, net	<u>5,099,568</u>

Total Non-current Assets	<u>\$ 6,446,537</u>
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Total Assets	<u>\$ 7,349,220</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	\$ 1,250,290
Accrued Expenses	9,236
Current Portion of long-term debt	<u>326,186</u>

Total Current Liabilities	<u>\$ 1,585,712</u>
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Non-current Liabilities

Payable from Restricted Assets- Customers' Meter Deposits	\$ 356,302
Long-term debt	<u>1,736,389</u>

Total Non-current Liabilities	<u>2,092,691</u>
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Total Liabilities	<u>\$ 3,678,403</u>
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NET POSITION:

Net Investment in Capital Assets	\$ 3,036,993
Restricted for Debt Service	475,219
Unrestricted	<u>158,605</u>

Total Net Position	<u>\$ 3,670,817</u>
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See accompanying notes and independent auditor's report.

Ebarb Waterworks District No. 1
Statement of Revenues, Expenses, and Changes in Net Position
December 31, 2025

OPERATING REVENUES:	
Charges for Services	\$ 2,338,166
OPERATING EXPENSES:	
Personnel Services	\$ 298,373
Operations & Maintenance	1,761,926
Depreciation	<u>223,471</u>
Total Operating Expenses	<u>\$ 2,283,770</u>
Operating Income (Loss)	<u>\$ 54,396</u>
Non-Operating Revenues (Expenses):	
Interest Income	\$ 135
Intergovernmental Income	1,703,111
Rental Income	12,000
Gain on Sale of Assets	1,378
Miscellaneous Income	1,032
Interest Expense	<u>(68,442)</u>
Total Non-Operating Revenues (Expenses)	<u>\$ 1,649,214</u>
Change in Net Position	\$ 1,703,610
Total Net Position at Beginning of Year	<u>1,967,207</u>
Total Net Position at End of Year	<u><u>\$ 3,670,817</u></u>

See accompanying notes and independent auditor's report.

Ebarb Waterworks District No. 1
Statement of Cash Flows
December 31, 2025

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 2,350,386
Cash Paid to Suppliers	(1,147,519)
Cash Paid to Employees	(303,331)
Net Cash Provided (Used) By Operating Activities	<u>\$ 899,536</u>
Cash Flows from Capital and Related Financing Activities:	
Intergovernmental Revenue	\$ 1,582,236
Acquisition of Capital Assets	(2,249,231)
Miscellaneous Income	1,032
Rental Income	12,000
Sale of Assets	1,378
Proceeds from Debt	458,394
Principal Paid on Capital Debt	(308,859)
Interest Paid on Capital Debt	(68,442)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (571,492)</u>
Cash Flows from Investing Activities:	
Interest and Dividends	<u>\$ 135</u>
Net Increase in Cash & Cash Equivalents	\$ 328,179
Cash and Cash Equivalents at Beginning of Year	<u>1,122,179</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,450,358</u></u>
Reconciliation of Operating Income (Loss)	
to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 54,396
Adjustments to Reconcile Operating Income (Loss)	
to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	223,471
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts and Other Receivables	(9,191)
(Increase) Decrease in Prepaids	(5,891)
Increase (Decrease) in Accounts and Other Payables	615,340
Increase (Decrease) in Customer Deposits	21,411
Net Cash Provided (Used) by Operating Activities	<u>\$ 899,536</u>
Cash & Cash Equivalents-	
Operating Account	\$ 103,389
Bond Covenant Accounts	475,219
Customers' Meter Deposits	871,750
Total	<u><u>\$ 1,450,358</u></u>

See accompanying notes and independent auditor's report.

NOTES TO FINANCIAL STATEMENTS

Ebarb Waterworks District No. 1
Notes to Financial Statements
December 31, 2025

INTRODUCTION

Ebarb Waterworks District No. 1 (District), a political subdivision of the Sabine Parish Police Jury, was created by Louisiana Revised Statute 33:3811 and adopted by the Police Jury on March 16, 1977. The District's purpose is to provide water service to any user within the geographical boundaries of the District. The District is operated by a board that consists of up to five commissioners appointed by the Police Jury.

1. Summary of Significant Accounting Policies:

A. Basis of Presentation-

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity-

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

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

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

Ebarb Waterworks District No. 1
Notes to Financial Statements
December 31, 2025

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

C. Fund Accounting-

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Basis of Accounting-

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

E. Cash and Cash Equivalents-

The District has deposits in highly liquid investment vehicles such as certificates of deposit. Since all of the District's cash is readily available, these deposits are listed in the financial statements as "Cash & Cash Equivalents". Under State law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The District may also purchase investments in securities backed by the full faith and credit of the United States Government. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts.

Ebarb Waterworks District No. 1
Notes to Financial Statements
December 31, 2025

F. Compensated Absences-

Full-time employees of Ebarb Waterworks District No. 1 earn annual leave at various rates depending on the number of years in service. Leave cannot be accumulated or carried over from one year to the next. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

G. Capital Assets-

The capital assets of Ebarb Waterworks District No. 1 enterprise fund are carried at historical costs and are included on the Statement of Net Position, along with accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized. Depreciation of all exhaustible capital assets used by the enterprise fund operation is charged as an expense against operations. Depreciation has been computed using the straight-line method over the estimated useful lives of the assets, which is generally 10 to 40 years for buildings and building improvements, 7 to 40 years for the distribution system, 5 years for automobiles, and 5 to 10 years for machinery and equipment.

H. 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, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

I. Net Position-

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

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

Ebarb Waterworks District No. 1
Notes to Financial Statements
December 31, 2025

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

J. Accounts Receivable-

All receivables are recognized based on the monthly amounts billed for water consumption of District customers. Uncollectible revenues are generally balances owed by inactive customers. Uncollectible accounts are written off at the end of each year. As such, all outstanding receivables at the end of the year are deemed to be collectible and as such an allowance has not been recognized.

K. Restricted Assets-

Based upon certain bond covenants, the District is required to establish and maintain prescribed amounts of resources (consisting of cash and cash equivalents) in special funds that can be used only to service outstanding debt. The requirements are as follows:

- a) Each month, there will be set aside into a fund called the “Water System Revenue Bond and Interest Sinking Fund” an amount constituting 1/12 of the total principal and interest maturing in the ensuing year. Such amounts shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.
- b) Each month, there shall be set aside into a “Water System Reserve Fund” a sum at least equal to five percent (5%) of the annual debt payments until such time as there has been accumulated in said fund a sum equal to the highest combined principal and interest amount falling due in any year. Such money is to be maintained solely for the purpose of paying the principal and interest on bonds payable from the Sinking Fund as to which there would otherwise be default.

The District requires a customer deposit upon initial account opening for use of the District owned water meter at each residence or business. The District must hold the deposits in a separate bank account until the customer’s account is closed and at that time the deposit is returned to the customer.

2. Cash and Cash Equivalents:

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

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

Ebarb Waterworks District No. 1
Notes to Financial Statements
December 31, 2025

2. Cash and Cash Equivalents (continued):

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.

At December 31, 2025, the District had \$103,389 (book balance) in unrestricted cash and cash equivalents, and \$1,346,969 in accounts restricted for debt service and customer deposits.

At December 31, 2025, the District had cash and cash equivalents (collected bank balances) totaling \$1,469,768. Cash and cash equivalents are stated at cost, which approximates market.

The deposits at December 31, 2025, were secured as follows:

Cash and Cash Equivalents	\$1,469,768
FDIC	(500,000)
Pledged Securities	(969,768)
Amount Uninsured	<u>\$ 0</u>

3. Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2025, are as follows:

	Balance 01/01/2025	Additions	Deletions	Balance 12/31/2025
Capital Assets not depreciated-				
Land	\$ 121,043	\$ 0	\$ 0	\$ 121,043
Construction in Progress	<u>1,186,907</u>	<u>2,201,108</u>	<u>0</u>	<u>3,388,015</u>
Total Capital Assets – not depreciated	<u>\$1,307,950</u>	<u>\$2,201,108</u>	<u>\$ 0</u>	<u>\$3,509,058</u>
Capital Assets Depreciated-				
Buildings & Improvements	\$ 308,104	\$ 39,828	\$ 0	\$ 347,932
Plant & Distribution System	5,139,072	0	0	5,139,072
Service Vehicles	189,144	5,000	29,290	164,854
Machinery & Equipment	<u>262,505</u>	<u>3,295</u>	<u>0</u>	<u>265,800</u>
Total Capital Assets, depreciated	<u>\$5,898,825</u>	<u>\$ 48,123</u>	<u>\$29,290</u>	<u>\$5,917,658</u>
Total Capital Assets	<u>\$7,206,775</u>	<u>\$2,249,231</u>	<u>\$29,290</u>	<u>\$9,426,716</u>
Less, Accumulated Depreciation-				
Buildings & Improvements	\$ 55,095	\$ 8,752	\$ 0	\$ 63,847
Plant & Distribution System	3,716,676	183,775	0	3,900,451
Service Vehicles	128,550	20,226	29,290	119,486
Machinery & Equipment	<u>232,646</u>	<u>10,718</u>	<u>0</u>	<u>243,364</u>
Total Accumulated Depreciation	<u>\$4,132,967</u>	<u>\$ 223,471</u>	<u>\$29,290</u>	<u>\$4,327,148</u>
Total Capital Assets, Net	<u>\$3,073,808</u>	<u>\$2,025,760</u>	<u>\$ 0</u>	<u>\$5,099,568</u>

Depreciation expense of \$223,471 was recorded for the year ended December 31, 2025.

Ebarb Waterworks District No. 1
Notes to Financial Statements
December 31, 2025

4. Compensation of Board Members:

Per diem paid to individual board members for the year ended December 31, 2025 is as follows:

Donald Garcie	\$ 3,984
Peter Nugent	3,486
Robert Conyer	3,984
Thomas (Danny) Lopez	3,984
Rodney Rivers	<u>3,818</u>
Total	<u>\$19,256</u>

5. Long-Term Debt:

The following is a summary of the long-term debt obligations of Ebarb Waterworks District No. 1 for the year ended December 31, 2025.

	<u>Balance</u> <u>1/1/2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2025</u>
Revenue Bonds-1990	\$ 628,420	\$ 0	\$135,428	\$ 492,992
Revenue Bonds-1993	261,294	0	36,056	225,238
Revenue Bonds-2006	95,454	0	2,784	92,670
Drinking Water Revolving Loan	584,990	458,393	50,000	993,383
Sabine State Bank	<u>342,883</u>	<u>0</u>	<u>84,591</u>	<u>258,292</u>
Total	<u>\$1,913,044</u>	<u>\$458,393</u>	<u>\$308,859</u>	<u>\$2,062,575</u>

The principal amounts due within one year for the debt obligations are as follows:

Revenue Bonds-1990	\$141,642
Revenue Bonds-1993	37,711
Revenue Bonds-2006	2,882
Drinking Water Revolving Loan	56,000
Sabine State Bank	<u>87,951</u>
Total	<u>\$326,186</u>

The following is a summary schedule by years of future payments for the above debt obligations:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 326,186	\$ 60,585	\$ 386,771
2027	339,055	47,624	386,679
2028	336,243	34,146	370,389
2029	154,681	24,007	178,688
2030	109,418	22,411	131,829
2031-2035	366,303	73,753	440,056
2036-2040	395,720	33,314	429,034
2041-2045	29,032	5,489	34,521
2046-2050	<u>5,937</u>	<u>2,261</u>	<u>8,198</u>
Total	<u>\$2,062,575</u>	<u>\$303,590</u>	<u>\$2,366,165</u>

Ebarb Waterworks District No. 1
Notes to Financial Statements
December 31, 2025

5. Long-Term Debt (continued):

The original terms of the individual debt issues of the District are as follows:

	Interest <u>Rate</u>	Maturity <u>Date</u>	Amount <u>Issued</u>
Revenue Bonds – 1990	4.50%	2029	\$2,194,968
Revenue Bonds – 1993	4.50%	2032	778,650
Revenue Bonds – 2006	4.38%	2046	129,000
Drinking Water Revolving Loan	1.95%	2040	3,145,000
Sabine State Bank – 2018 (electronic water meters)	3.91%	2028	797,519

6. Contingencies

Management has advised that there are no known claims or litigation pending against the District at December 31, 2025.

The District provides water services to customers in Sabine Parish, and these services are heavily regulated by DHH and DEQ. Drinking water and sewer treatment discharges are subject to strict guidelines relating to quality. Failure to meet these requirements could subject the District to penalties.

7. 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 these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured loss to the District.

8. Subsequent Events:

Management has evaluated events through June 1, 2026, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

SUPPLEMENTARY INFORMATION

Ebarb Waterworks District No. 1
Schedule of Compensation, Benefits, and Other Payments to
Agency Head
For the Year Ended December 31, 2025

Agency Head: Donald Garcie, Board President

<u>Purpose</u>	<u>Amount</u>
Per Diem	\$ 3,984
Mileage	-
Total	<u>\$ 3,984</u>

See independent auditor's report.

Ebarb Waterworks District No. 1
Summary of Utility Service Customers
For the Year Ended December 31, 2025

<u>Type of Customers</u>	<u>Number of Customers</u>
Residential	3,184
Non-Residential	26
Commercial	<u>12</u>
Total	<u>3,222</u>

See independent auditor's report.

Ebarb Waterworks District No. 1
Schedule of Insurance in Force
December 31, 2025

<u>Insurer</u>	<u>Expiration Date</u>	<u>Coverage</u>	<u>Limits</u>
Louisiana Workers' Compensation Corporation	January 1, 2026	Worker's Compensation:	
		Bodily Injury by Accident	\$1,000,000 each accident
		Bodily Injury by Disease	\$1,000,000 policy limit
		Bodily Injury by Disease	\$1,000,000 each employee
National Union Fire Insurance Company of Pittsburgh, PA	February 8, 2026	Commercial General Liability	\$3,000,000 Aggregate \$1,000,000 Occurrence
		Deductible	\$1,000
		Property	\$3,967,018
		Deductible	\$1,000
		Automobile Liability	\$1,000,000 Combined
		Deductible	\$500
		Errors and Omissions	\$100,000 Occurrence
		Deductible	\$1,000

See independent auditor's report.

Ebarb Waterworks District No. 1
List of Governing Body Positions and Terms
December 31, 2025

<u>Name</u>	<u>Position</u>	<u>Term</u>	<u>Term Expires</u>
Donald Garcie 101 Rock Hill Lane Noble, LA 71462 318-645-9212	President	5 years	2033
Peter Nugent 1269 Parkside Drive Zwolle, LA 71486 318-645-7791	Vice President	5 years	2026
Robert Conyer 895 Village Drive Zwolle, LA 71486 318-256-0091	Secretary/Treasurer	5 years	2025
Thomas "Danny" Lopez 520 Garcie Road Zwolle, LA 71486 318-773-4099	Member	5 years	2025
Rodney Rivers 144 Sam Meshell Loop Noble, LA 71462 318-645-9656	Member	5 years	2029

Ebarb Waterworks District No. 1
Rate List
December 31, 2025

<u>Rate List</u>	<u>Amount</u>
Security deposit	\$200.00
Security deposit - renters	\$300.00
Setup Fee	\$100.00
Late Charge	10% of current charges
New Meter Box (customer installed)	\$55.00
New Meter Box (EWD#1 installed)	\$65.00
Move Water Meter (20 feet or less)	\$500.00
Impact Fee	\$250.00
Road Bore Fee	\$1,750.00
Short Tap Fee	\$1,225.00
One Inch Meter (short side)	\$1,750.00
DHH Fee	\$12.00/year
Lock Replacement	\$50.00
Transfer Fee	\$100.00
Replace Cut-off Valve	\$50.00
Replace Water Meter	\$300.00
NSF Check	\$25.00
Pull Meter	\$75.00
Reconnect for Nonpayment	\$75.00
Service Call	\$75.00
Base Rate Residential	\$32.10/1,000 gallons
after 1st 1,000 gallons	\$8.29/1,000 gallon
Base Rate Commercial	\$82.96/1,000 gallons
after 1st 1,000 gallons	\$14.79/1,000 gallons
Bulk Water Rate	\$100 connection + \$14.79/1,000 gallons
Base Rate Non-Residential	\$32.10/1,000 gallons
after 1st 1,000 gallons	\$8.29/1,000 gallons

The rates shown above were in effect at December 31, 2025.

OTHER REPORTS/SCHEDULES

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

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

Mark D. Thomas, CPA - A Professional Corporation

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

Mr. Donald Garcie, President
and Members of the Board
Ebarb Waterworks District No. 1
Zwolle, Louisiana 71486

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the business-type activities and major fund as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Ebarb Waterworks District No. 1's (the District) basic financial statements and have issued our report thereon dated June 1, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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

June 1, 2026

Ebarb Waterworks District No. 1
Schedule of Audit Results
Year Ended December 31, 2025

I. Summary of Audit Results

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

II. Current Year Findings in Accordance with *Government Auditing Standards*

No findings identified.

III. Prior Year Audit Findings in Accordance with *Government Auditing Standards*

No findings identified.

T | C | B | T
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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
STATEWIDE AGREED-UPON PROCEDURES**

Mr. Donald Garcie and Members of the Board
Ebarb Waterworks District No. 1
Zwolle, Louisiana 71486

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 period January 1, 2025 through December 31, 2025. Ebarb Waterworks District No. 1's (the District) management is responsible for those C/C areas identified in the SAUPs.

The District 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 period 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 for 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 that 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.
 - 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.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - 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 custodial fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, custodial fund forfeiture monies confirmation).

- v. ***Payroll/Personnel***, including (1) payroll processing, and (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.
- 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.
- vii. ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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).
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (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.
- 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.

Procedure Results: No exceptions were noted as a result of these procedures.

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 documents 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.
 - 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 from at least one meeting each month referenced or included monthly budget-to-actual comparison on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-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.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.
- 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.

Procedure Results: No exceptions were noted as a result of these procedures.

3) Bank Reconciliations

- A. Obtain a listing of client 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 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);
 - ii. Bank reconciliations include written 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 or electronically logged); and
 - 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.

Procedure Results: Two exceptions were noted where bank reconciliations were not prepared within two months of the closing date.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).
- 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 (i.e. 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 that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers.
 - 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.
 - iii. Each employee responsible for collecting cash is not also 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

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - 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).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Procedure Results: No exceptions were noted as a result of these procedures.

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

- C. For each location selected under #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
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.
- 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) and observe that each electronic disbursement was (1) 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. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Procedure Results: No exceptions were noted as a result of these procedures.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase 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.
- 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
- i. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #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 (i.e. each card should have 10 transactions subject to inspection). For each transaction, observe 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedure Results: No exceptions were noted as a result of these procedures.

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, 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 (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - 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 policy (procedure #1h).
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure Results: No exceptions were noted as a result of these procedures.

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 that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - 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
 - 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.

Procedure Results: No exceptions were noted as a result of these procedures.

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 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #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);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- 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 entity policy.
- 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) have been paid, and associated forms have been filed, by required deadlines.

Procedure Results: No exceptions were noted as a result of these procedures.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain ethics compliance documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedure Results: No exceptions were noted as a result of these procedures.

11) Debt Service (excluding nonprofits)

- 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 State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- 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).

Procedure Results: No exceptions were noted as a result of these procedures.

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.
- B. Observe that 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.

Procedure Results: No exceptions were noted as a result of these procedures.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Observe and inspect the entity's most recent documentation that it has backed up its critical data (if there is 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.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/ verifying backup restoration) and observe evidence that the test/verification was successfully performed in the past 3 months.
 - iii. 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.
- B. 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.
- C. 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.

Procedure Results: No exceptions were noted as a result of these procedures.

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 that 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.

- B. Observe that 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).
- 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;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Procedure Results: No exceptions were noted as a result of these procedures.

We were engaged by the District 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 the District 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 results 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.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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

June 1, 2026

Ebarb Waterworks District No. 1
Management's Response to Exceptions to
Statewide Agreed-Upon Procedures Year Ended
December 31, 2025

Item 3: Exception – Bank reconciliations did not include documentation of being prepared within two months of the closing date.

Response – We will implement procedures to ensure that bank reconciliations are prepared within two months of the closing date.