St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana

Annual Financial Report

Year Ended December 31, 2025

St. Martin Parish Water and Sewer Commission No. 1
Annual Financial Report
Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the St. Martin Parish Water and Sewer Commission No. 1 (the Commission), a component unit of the Parish of St. Martin, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as of December 31, 2025, and the 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS) 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 Commission, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 GAAS and GAS 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 GAAS and GAS, 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 Commission'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 Commission'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 Schedule of Employer's Share of Net Pension Liability (Asset) on page 24 and the Schedule of Employer Contributions on page 25 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 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.

The Commission has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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.

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 the Commission'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 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 Commission's internal control over financial reporting and compliance.

Houma, Louisiana
June 26, 2026

FINANCIAL STATEMENTS

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Statement of Net Position
December 31, 2025

Assets	
Current assets	
Cash and cash equivalents	$ 873,677
Accounts receivables	43,000
Ad valorem taxes receivable, net	298,518
Due from other governments	4,686
Prepaid expenses	21,549
Total current assets	1,241,430
Restricted assets	
Cash and cash equivalents	83,251
Ad valorem taxes receivable, net	43,286
Total restricted assets	126,537
Capital assets	
Non-depreciable	365,568
Depreciable, net of accumulated depreciation	1,406,411
Total capital assets	1,771,979
Net pension asset	21,277
Other assets	519
Total Assets	3,161,742
Deferred Outflows of Resources - Pension Related	35,483

See accompanying notes.

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Statement of Net Position (Cont.)
December 31, 2025

Liabilities	
Current liabilities	
Accounts payable	74,751
Due to other governments	8,881
Accrued liabilities	16,137
Unearned revenues	5,801
Payable from restricted assets	
Current maturities of long-term debt	45,000
Accrued interest	7,621
Refundable deposits	18,657
Total current liabilities	176,848
Long-term liabilities	
General obligation bonds payable	390,000
Compensated absences	30,362
Total long-term liabilities	420,362
Total Liabilities	597,210
Deferred Inflows of Resources - Pension Related	19,600
Net Position	
Net investment in capital assets	1,329,358
Restricted for debt service	126,537
Unrestricted	1,124,520
Total Net Position	$ 2,580,415

See accompanying notes.

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2025

OPERATING REVENUES	
Utility service revenues	$ 671,577
Miscellaneous	591
Total operating revenues	672,168
OPERATING EXPENSES	
Water system operation and maintenance	356,222
Salaries and related benefits	280,776
Plant operation and maintenance	204,603
Depreciation	192,422
Other services and charges	170,862
Materials and supplies	9,357
Total operating expenses	1,214,242
Operating loss	(542,074)
NON-OPERATING REVENUES (EXPENSES)	
Ad valorem taxes	414,227
Intergovernmental	100,000
Interest income	10,304
Nonemployer pension contributions	2,209
Bad debt expense	(44,449)
Ad valorem pension deduction	(14,714)
Bond interest and fees	(21,731)
Total non-operating revenues (expenses)	445,846
Change in net position	(96,228)
NET POSITION	
Beginning of year	2,676,643
End of year	$ 2,580,415

See accompanying notes.

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Statement of Cash Flows
Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 667,349
Cash payments to employees for services and benefits	(295,180)
Cash payments to suppliers for goods and services	(704,214)
NET CASH USED IN OPERATING ACTIVITIES	(332,045)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	10,304
NET CASH PROVIDED BY INVESTING ACTIVITIES	10,304
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(422,110)
Capital grants	154,000
Interest and fiscal charges paid	(21,731)
Principal payment on bonds	(45,000)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(334,841)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Ad valorem taxes	513,222
Other receipts	2,209
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	515,431
NET DECREASE IN CASH	(141,151)
CASH - BEGINNING OF YEAR	1,098,079
CASH - END OF YEAR	$ 956,928

See accompanying notes.

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Statement of Cash Flows (Cont.)
Year Ended December 31, 2025

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$	(542,074)
Adjustments to reconcile operating loss to net cash used in operating activites:		
Depreciation expense		192,422
(Increase) decrease in:		
Accounts receivables		(9,450)
Net pension asset		(38,535)
Deferred outflows of resources		20,160
Increase (decrease) in:		
Accounts payable		37,582
Due to other governments		(752)
Accrued liabilities		(17,595)
Refundable deposits		4,631
Compensated absences		9,632
Deferred inflows of resources		11,934
NET CASH USED IN OPERATING ACTIVITIES	$	(332,045)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest during the year	$	21,731

See accompanying notes.

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Notes to Financial Statements
Year Ended December 31, 2025

The St. Martin Parish Water and Sewer Commission No. 1 ("Commission") was created under the provisions of Louisiana Revised Statutes 33:7831 by ordinance issued by the St. Martin Parish Police Jury on March 2, 1993. The Commission is authorized to operate, maintain, improve, extend, and/or dispose of all works and facilities for water, sewer, and sewerage treatment or disposal facilities and systems within the boundaries of Ward 6 of St. Martin Parish. The Commission is governed by five to seven board members appointed by the Council of St. Martin Parish Government.

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

Note 1 – Summary of Significant Accounting Policies

A. Financial Reporting Entity

Because the St. Martin Parish Council appoints all members of the Commission's governing board, it has the ability to impose its will on the Commission and, therefore the Commission was determined to be a component unit of St. Martin Parish. The accompanying basic financial statements present information only on the proprietary fund maintained by St. Martin Parish Water And Sewer Commission No. 1 and do not present information on St. Martin Parish Government, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

The Commission has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

B. Basis of Presentation

GASB Statements establish standards for external financial reporting for all state and local governmental entities which includes a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Note 1 – Summary of Significant Accounting Policies (Cont.)

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

Unrestricted – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

The basic financial statements of the Commission are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Commission considers restricted funds to have been spent first.

C. Fund Types

The Commission is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, net position, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user charges.

D. Measurement Focus/Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recorded when they are incurred.

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

E. Cash and Cash Equivalents

The Commission considers all highly liquid investments purchased with an initial maturity of ninety days or less to be cash equivalents. For the purpose of the statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments.

Note 1 – Summary of Significant Accounting Policies (Cont.)

F. Receivables

Receivables consist of all revenues earned at year-end not yet received. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing at the end of the month are recorded at year-end.

G. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the current reporting period, such as insurance policies paid in advance, are recorded as prepaid expenses.

H. Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

I. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation. The Commission maintains a threshold of $1,000 for capitalization of assets. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of revenues, expenses and changes in net position, with accumulated depreciation reflected in the statement of net position.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Buildings and improvements	20 Years
Water system	40 Years
Sewerage plant	40 Years
Office equipment	5 Years
Machinery and equipment	5-7 Years

Note 1 – Summary of Significant Accounting Policies (Cont.)

J. Compensated Absences

Employees of the Commission earn from seven and one-half to thirteen and one-half days of vacation and seven and one-half to thirteen and one-half days of sick leave each year, depending on length of employment with the Commission. All unused vacation and sick leave is carried forward to the succeeding fiscal year in perpetuity. Upon resignation or retirement, unused leave is paid to employees at the employee's current rate of pay.

Based on current pay rates and historical leave data, the Commission records accrued leave on its statement of net position. As of December 31, 2025, the Commission accrued $30,362 of compensated absences payable, an increase of $9,632 from the prior year.

K. Long-term Debt

All long-term debt to be repaid from fund resources is reported as liabilities in the financial statements. The Commission's long-term debt consists of bonds payable.

L. Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and/or services in connection with ongoing operations. The principal operating revenue is charged to customers for water consumption and the collection and treatment of wastewater. Operating revenues also include tap fees intended to recover the costs of connecting new customers to the systems. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

M. 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, the 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.

J. Recent Pronouncements

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that have been or are scheduled to be implemented in the future that may affect the Commission's financial report:

Note 1 – Summary of Significant Accounting Policies (Cont.)

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This standard is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Commission has implemented the standard, resulting in no material impact on its financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the Commission's financial statements has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the Commission's financial statements has not yet been determined.

GASB Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This standard is effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The effect of implementation on the Commission's financial statements has not yet been determined.

Note 2 – Cash and Interest-Bearing Deposits

Under state law, the Commission may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of another State of the Union, or the laws of the United States Treasury.

State law requires that deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivisions. The year end balances of deposits are as follows:

Note 2 – Cash and Interest-Bearing Deposits (Cont.)

	Bank Balance	Reported Amount
Cash and cash equivalents	$ 899,709	$ 873,677
Cash and cash equivalents - restricted	83,251	83,251
Total cash and cash equivalents	$ 982,960	$ 956,928

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a written policy for custodial credit risk. As of December 31, 2025, $482,960 of the Commission's bank balances were exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Commission's name.

Cash was adequately collateralized in accordance with State law by securities held by unaffiliated banks for the accounts of the Commission. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 – Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Commission in September and are billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The following is a summary of authorized and levied ad valorem tax millages:

	Tax Millages	
	Authorized	Levied
Commission Taxes		
Special Assessment	7.38	7.38
District Taxes		
Maintenance		
St. Martin Sewerage District No. 1	4.56	4.56
St. Martin Waterworks District No. 2	4.67	4.67
Bond & Interest		
St. Martin Waterworks District No. 2	2.08	2.08

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Notes to Financial Statements
Year Ended December 31, 2025

Note 3 – Ad Valorem Taxes

Levied millages are reported as non-operating revenues on the statement of revenues, expenses and changes in net position.

On October 14, 2017, a special assessment tax was passed by voters for the purpose of acquiring, constructing, improving, maintaining and operating sewers and sewerage disposal for a period of 10 year, beginning in 2017 and ending in 2026.

In accordance with R.S. 39:569, the Commission is authorized to impose and collect annually a tax on all property subject to taxation sufficient in amount to pay the interest annually or semi-annually and the principal due each year on general obligation bonds or for any sinking fund necessary to retire the bonds at maturity.

At December 31, 2025, ad valorem taxes receivable consists of the following:

	Ad Valorem Tax Receivable
Commission Taxes	
Special Assessment	$ 165,883
District Taxes	
Maintenance	
St. Martin Sewerage District No. 1	87,160
St. Martin Waterworks District No. 2	89,043
	342,086
Allowance for uncollectible	(43,568)
Unrestricted ad valorem taxes receivable, net	$ 298,518
Bond & Interest	
St. Martin Waterworks District No. 2	$ 46,236
Allowance for uncollectible	(2,950)
Restricted ad valorem taxes receivable, net	$ 43,286

Note 4 – Restricted Assets

The Commission's restricted assets consisted of the following at December 31, 2025:

	Cash	Taxes Receivable	Total Restricted
Customer deposits	$ 18,657	$ -	$ 18,657
General Obligation Bond - Series 2013	64,594	43,286	107,880
	$ 83,251	$ 43,286	$ 126,537

Note 5 – Capital Assets

A summary of changes in capital assets follows:

	Balance as of December 31, 2024	Additions	Deletions	Balance as of December 31, 2025
Capital assets not being depreciated				
Land	$ 91,117	$ -	$ -	$ 91,117
Construction in progress	24,101	250,350	-	274,451
	115,218	250,350	-	365,568
Capital assets being depreciated				
Buildings	100,818	-	-	100,818
Water system	1,880,210	17,294	-	1,897,504
Sewerage plant	4,444,253	144,619	-	4,588,872
Office equipment	18,440	9,847	-	28,287
Machinery and equipment	188,857	-	-	188,857
	6,632,578	171,760	-	6,804,338
Less: Accumulated depreciation				
Buildings	(75,176)	(2,817)	-	(77,993)
Water system	(1,308,860)	(46,525)	-	(1,355,385)
Sewerage plant	(3,735,518)	(123,929)	-	(3,859,447)
Office equipment	(17,540)	(549)	-	(18,089)
Machinery and equipment	(68,411)	(18,602)	-	(87,013)
	(5,205,505)	(192,422)	-	(5,397,927)
Total capital assets, net of accumulated depreciation	$ 1,542,291	$ 229,688	$ -	$ 1,771,979

For the year ended December 31, 2025, depreciation expense was $192,422.

Construction in progress totaled $274,451 as of December 31, 2025, of which all relates to a sewer line extension project.

Note 6 – Long-Term Debt

The Commission has one outstanding debt instrument as follows: $700,000 General Obligation Bonds, Series 2013, dated December 27, 2013, due in annual installments of $5,000 - $65,000 through March 1, 2033 bearing interest at 4.75%, secured by ad valorem taxes. As of December 31, 2025, the Commission owes $435,000 on this obligation. The required future payments of long-term debt are as shown in the following table:

Note 6 – Long-Term Debt (Cont.)

Year Ending December 31,	Amount
2026	$ 45,000
2027	50,000
2028	50,000
2029	50,000
2030	55,000
2031 - 2033	185,000
	$ 435,000

Note 7 – Pension

The St. Martin Parish Water And Sewer Commission No. 1 contributes to the Parochial Employees' Retirement System of Louisiana (PERS), under Plan A, which is a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Plan A was designated for employees that remained in Social Security on the revision date. Sections 1901 through 2025 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:1901-2025) and other general laws of the State of Louisiana govern PERS.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.persla.org.

Plan Descriptions: For the year ended December 31, 2024, there were 209 contributing municipalities in Plan A and 53 in Plan B. The St. Martin Parish Water And Sewer Commission No. 1 is a participant in Plan A only.

The following is a description of the plan and its benefits and is provided for general information purposes only.

All permanent Commission employees who work at least 28 hours per week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

Any member of Plan A who was hired before January 1, 2007 can retire providing the member meets one of the following criteria:

Note 7 – Pension (Cont.)

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) or more years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) year of creditable service.

Eligibility for retirement for Plan A members hired on or after January 1, 2007 is as follows:

1. Age 55 with thirty (30) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 67 with seven (7) or more years of creditable service.

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

Plan A members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan A with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50, and until remarriage, if the remarriage occurs before age 55. A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees.

These subaccounts may be credited with interest based on money market rates of return or, at the option of the system, the funds may be credited to the self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state of the System, and that any returns and other

Note 7 – Pension (Cont.)

rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

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

Employer Contributions: Employer contributions are actuarially-determined each year. For the year ended December 31, 2025, employer contributions were 11.0%.

Non-Employer Contribution: In accordance with state statute, the System also receives ¼ of 1.0% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue-sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Asset, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources: As of December 31, 2025, the Commission reported an asset in its financial statements of $21,277 for its proportionate share of the net pension asset of the System. The net pension asset was measured as of December 31, 2024 by an actuarial valuation performed of the retirement system as of the date. The Commission's proportion of the net pension asset was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2024, the Commission's proportionate share of the System was .021158%, which was an increase of .003044% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Commission recognized a pension expense of $18,150 related to its participation in the System.

As of December 31, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

Note 7 – Pension (Cont.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,984	$ 1,850
Changes in assumptions	-	2,341
Changes in proportion	207	1,398
Difference between projected and actual investment earnings on pension plan investments	-	14,011
Employer contributions subsequent to the measurement date	22,292	-
Total Deferred Outflows and Inflows	$ 35,483	$ 19,600

Deferred outflows of resources of $22,292 related to pensions resulting from the Commission's contributions to the System subsequent to the measurement date will be recognized as a reduction of the net pension asset in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2026	$ 7,609
2027	18,563
2028	(22,022)
2029	(10,559)
Total	$ (6,409)

A summary of the actuarial methods and assumptions used in determining the total pension asset as of December 31, 2025 is as follows:

Valuation Date	December 31, 2024
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.40%, per annum (net of fees), including inflation

Note 7 – Pension (Cont.)

Inflation Rate	2.30% per annum
Salary Increase	4.25%
Cost of Living Adjustments	Benefits currently being paid and those previously granted
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees, General Employees, and General Disabled Retirees multiplied by 130% for males and 125% for females using MP2021 scale for annuitant and beneficiary mortality (Health Retirees) and disabled annuitants (General Disabled Retirees).

The discount rate used to measure the total pension asset 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 asset.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability/(asset) of the participating employers calculated using the discount rate of 6.40%, as well as what the employer's net pension liability/(asset) 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 as of December 31, 2024.

	Changes in Discount Rate:		
	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
Net Pension Liability (Asset)	$ 108,584	$ (21,277)	$ (130,280)

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Commission recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2025, the Commission recognized revenue as a result of support received from the non-employer contributing entities of $2,209 for its participation in the System.

Note 7 – Pension (Cont.)

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.persla.org.

Note 8 – Cooperative Endeavor Agreements

The State of Louisiana entered into a cooperative endeavor agreement with the Commission, in which the State agreed to contribute $100,000 related to the Commission's ongoing sewer line extension project. The funding is provided on a reimbursement basis to the Commission based upon submittal and approval of invoices and deliverables as described in the intergovernmental agreement. The Commission received $100,000 in connection with this agreement during the year.

Note 9 – Bad Debt Expense

During the year ended December 31, 2025, the Commission recorded bad debt expense related to ad valorem taxes in the amount of $43,737. The Commission also recorded $712 in bad debts related to utility service uncollectibles.

Note 10 – Risk and Insurance

The Commission is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; and injuries to the public; and natural disasters. To protect against these risks, the Commission has purchased commercial or other insurance for the losses to which it is exposed.

Note 11 – Contingencies

The Commission operates a sewerage plant which is regulated by the Department of Environmental Quality and the Environmental Protection Agency. In the opinion of the Board of Commissioners, all applicable regulations have received full compliance; however, due to the complexity of the regulations, differing interpretations of the regulations by DEQ and/or the EPA may result in instances of noncompliance.

Note 12 – Compensation of Board Members

The schedule of compensation paid to the Board of Commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Louisiana Revised Statute 33:7833 limits compensation paid to board members, with the approval of the board, for per diem and travel allowance to an amount not to exceed $250 per month.

The following amounts were paid to commissioners for the year ended December 31, 2025:

Note 12 – Compensation of Board Members (Cont.)

Board Member	Amount
Daniel Rawls, President	$ 3,000
Jimmy Bailey	3,000
Ricky Acosta	3,000
Leroy Gros	3,000
Elwood Scully	1,750
Darrell Blanchard	1,000
	$ 14,750

Act 706 of the 2014 Legislative Session amended R.S. 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the Commission's President. For the year ended December 31, 2025, the Commission's President, Daniel Rawls, received $3,000 in per diem payments.

Note 13 – Related Party Transactions

The Commission collects mosquito charges on behalf of the St. Martin Parish Government. For the year ended December 31, 2025, the Commission collected and remitted $25,809 to the Parish. At December 31, 2025, the balance due to the Parish is $6,678 and is reported as a component of amounts due to other governments.

Note 14 – Subsequent Events

Subsequent events were evaluated through June 26, 2026, which is the date the financial statements were available to be issued, and it was determined that no events occurred that requires disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Schedule of Employer's Share of Net Pension Liability (Asset)
Year Ended December 31, 2025

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
Parochial Employees' Retirement System (PERS) Plan A					
2024	0.021158%	(21,277)	163,655	-13.00%	101.97%
2023	0.018114%	17,258	131,287	13.15%	98.03%
2022	0.020715%	79,728	140,530	56.73%	91.32%
2021	0.021370%	(100,662)	143,380	-70.21%	110.46%
2020	0.019278%	(33,802)	128,596	-26.29%	104.00%
2019	0.026187%	1,233	166,043	0.74%	99.89%
2018	0.024035%	106,676	147,753	72.20%	88.86%
2017	0.016165%	(11,998)	99,492	-12.06%	101.98%
2016	0.015370%	31,655	91,152	34.73%	94.15%
2015	0.014849%	39,087	86,609	45.13%	92.23%

See Independent Auditor's Report and Notes to Financial Statements.

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Schedule of Employer Contributions
Year Ended December 31, 2025

Year	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Parochial Employees' Retirement System (PERS) Plan A					
2025	$ 22,355	$ 22,355	$ -	$ 203,225	11.00%
2024	18,821	18,821	-	163,655	11.50%
2023	15,098	15,098	-	131,287	11.50%
2022	16,161	16,161	-	140,530	11.50%
2021	17,564	17,564	-	143,380	12.25%
2020	15,753	15,753	-	128,596	12.25%
2019	19,095	19,095	-	166,043	11.50%
2018	16,992	16,992	-	147,753	11.50%
2017	12,437	12,437	-	99,492	12.50%
2016	11,850	11,850	-	91,152	13.00%

See Independent Auditor's Report and Notes to Financial Statements.

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Martin and Pellegrin

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

Board of Commissioners
St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Martin Parish Water and Sewer Commission No. 1 (the Commission), a component unit of the Parish of St. Martin, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 26, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 by 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 over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be a significant deficiency. This item is listed as 2025-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 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*.

The Commission's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Martin and Pellegrin

Houma, Louisiana
June 26, 2026

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Schedule of Findings and Responses
Year Ended December 31, 2025

Section I – Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the St. Martin Parish Water And Sewer Commission No. 1.

2. One significant deficiency in internal control (see finding 2025-001) was noted during the audit of the financial statements. This significant control deficiency was not considered a material weakness.

3. No instances of noncompliance required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

4. A management letter was not issued.

5. The Commission did not receive nor expended any federal funds during the year.

Section II – Financial Statement Findings

No findings related to the basic financial statements of the St. Martin Parish Water And Sewer Commission No. 1 were noted during the audit.

Section III – Internal Control and Compliance Findings

2025-001 – Lack of Segregation of Duties

Statement of Condition: A significant control deficiency in the Commission's internal control.

Criteria: In our consideration of internal control, we noted that the size of the St. Martin Parish Water and Sewer Commission No. 1's operations and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Effects of Condition: The internal control, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of the St. Martin Parish Water and Sewer Commission No. 1 and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Recommendation: The Board of Commissioners of the St. Martin Parish Water and Sewer Commission No. 1 should closely monitor the day-to-day activities of the Commission.

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Management's Corrective Action Plan for Current Year Findings
Year Ended December 31, 2025

The contact person for all corrective actions noted below is Ms. Shelia Landry, Office Manager.

Section I – Internal Control and Compliance

2025-001 – Inadequate Internal Control

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners should closely monitor the day-to-day activities of the Commission.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the Commission.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Schedule of Prior Findings and Resolution Matters
Year Ended December 31, 2025

Note: The prior findings all relate to the December 31, 2024 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

2024-001 – Segregation of Duties

Condition: Accounting and financial functions are not adequately segregated.

Recommendation: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Status: Ongoing. See item # 2025-001 reported in the Schedule of Findings and Responses on page 28.

2024-002 – Financial Reporting (Application of GAAP)

Condition: The Commission lacks adequate staff and the expertise to properly prepare financial statements in accordance with U.S. GAAP, as applicable to governmental entities.

Recommendation: The additional costs required to achieve the desired benefit may not be economically feasible.

Status: Resolved.

2024-003 – Material Financial Statement Adjustments

Condition: Misstatements in the financial statements were not prevented, nor detected and corrected by the Commission's internal control resulting in proposed audit adjustments material to the financial statements.

Recommendation: We recommend the Commission design and implement policies and procedures or follow implemented policies and procedures which provide assurance to the fair presentation of the financial statements.

Status: Resolved.

2024-004 – Publication of Minutes

Condition: Minutes of open meetings were not published in the Commission's official journal in a timely manner.

Recommendation: We recommend that the Commission implement policies and procedures to ensure compliance with applicable provisions of the Open Meetings Law.

Status: Resolved.

St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana
Schedule of Prior Findings and Resolution Matters
Year Ended December 31, 2025

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable

STATEWIDE AGREED-UPON PROCEDURES

Martin and Pellegrin

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
St. Martin Parish Water and Sewer Commission No. 1
Stephensville, 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 period January 1, 2025 through December 31, 2025. St. Martin Parish Water and Sewer Commission No. 1 and its management are responsible for those C/C areas identified in the SAUPs.

St. Martin Parish Water and Sewer Commission 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 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 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 described on pages 34-52.

We were engaged by St. Martin Parish Water and Sewer Commission 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 St. Martin Parish Water and Sewer Commission 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.

Martin and Pellegrin

Houma, Louisiana
June 26, 2026

St. Martin Parish Water and Sewer Commission No. 1
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
Year Ended December 31, 2025

The required procedures and our findings are as follows:

Procedures performed on St. Martin Parish Water and Sewer Commission No. 1's written policies and procedures:

Written Policies and Procedures

1. Obtain and inspect St. Martin Parish Water and Sewer Commission No. 1's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

   a. Budgeting, including preparing, adopting, monitoring, and amending the budget

      Performance: Requested the written policy for budgeting.
      Exceptions: The Commission has not formally adopted written policies and procedures related to budgeting.
      Management's response: The Commission will prepare and adopt a set of policies and procedures which addresses the requirements above.

   b. 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

      Performance: Requested the written policy for purchasing.
      Exceptions: The Commission has not formally adopted written policies and procedures related to purchasing.
      Management's response: The Commission will prepare and adopt a set of policies and procedures which addresses the requirements above.

   c. Disbursements, including processing, reviewing, and approving

      Performance: Requested the written policy for disbursements.
      Exceptions: The Commission has not formally adopted written policies and procedures related to disbursements.
      Management's response: The Commission will prepare and adopt a set of policies and procedures which addresses the requirements above.

   d. 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

      Performance: Requested the written policy for receipts.
      Exceptions: The Commission has not formally adopted written policies and procedures related to receipts/collections.
      Management's response: The Commission will prepare and adopt a set of policies and procedures which addresses the requirements above.

e. 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(s) rate of pay or approval and maintenance of pay rate schedules.

Performance: Requested the written policy for payroll and personnel.
Exceptions: The Commission has not formally adopted written policies and procedures related to payroll/personnel.
Management's response: The Commission will prepare and adopt a set of policies and procedures which addresses the requirements above.

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

Performance: Requested the written policy related to contracting.
Exceptions: The Commission has not formally adopted written policies and procedures related to contracting.
Management's response: The Commission will prepare and adopt a set of policies and procedures which addresses the requirements above.

g. Credit Cards (and debit cards, fuel cards, P-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

Performance: Requested the written policy related to credit cards.
Exceptions: The Commission has not formally adopted written policies and procedures related to credit cards.
Management's response: The Commission will prepare and adopt a set of policies and procedures which addresses the requirements above.

h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Performance: Requested the written policy related to travel and expense reimbursements.
Exceptions: The Commission has not formally adopted written policies and procedures related to travel and expense reimbursement.
Management's response: The Commission will prepare and adopt a set of policies and procedures which addresses the requirements above.

i. 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.

Performance: Requested the written policy related to ethics.
Exceptions: The Commission has not formally adopted written policies and procedures related to ethics.
Management's response: The Commission will prepare and adopt a set of policies and procedures which addresses the requirements above.

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

Performance: Requested the written policy related to debt service.
Exceptions: The Commission has not formally adopted written policies and procedures related debt service.
Management's response: The Commission will prepare and adopt a set of policies and procedures which addresses the requirements above.

k. 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.

Performance: Requested the written policy for information technology disaster recovery/business continuity.
Exceptions: The Commission has not formally adopted written policies and procedures related to information technology disaster recovery/business continuity.
Management's response: The Commission will prepare and adopt a set of policies and procedures which addresses the requirements above.

l. 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.

Performance: Obtained and read written policy for sexual harassment.
Exceptions: The policy for prevention of sexual harassment does not address annual employee training or annual reporting.
Management's response: The Commission will update its policy to address the required elements.

Board or Finance Committee

2. Obtain and inspect all of 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:

   a) 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.

      Performance: Obtained the minutes of the meetings, taking note of the frequency of meetings.
      Exceptions: No exceptions were noted.
      Management's response: Not applicable.

   b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the proprietary fund.

      Performance: Determined that the Commission is not required to adopt a budget due to it being a proprietary fund.
      Exceptions: No exceptions were noted.
      Management's response: Not applicable.

   c) 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.

      Performance: Not applicable – the Commission does not have a general fund.

   d) Observe whether the board 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.

      Performance: Determine if the minutes included evidence that the Board received written updates of audit findings resolution status.
      Exceptions: No exceptions were noted.
      Management's response: Not applicable.

Bank Reconciliations

3. 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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;

Performance: Determined that randomly selected bank statements were reconciled within two months of the related statement closing date.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Inspected documentation for timely management approvals of each randomly selected bank reconciliation.
Exceptions: No exceptions were noted.
Management's response: Not applicable.

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Performance: Determined that there were no items outstanding for more than 12 months that had not been researched.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Collections

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

Performance: Observed the listing of deposit sites from management and received management's representation in a separate letter.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

5. 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, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

      Performance: Determined whether employees responsible for cash collections share a cash drawer/register.
      Exceptions: Employees responsible for cash collections do share a cash drawer/register.
      Management's response: Management will separate duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the Commission.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

      Performance: Inquired of client to ensure separation of duties for those employees collecting cash and those employees preparing/making bank deposits.
      Exceptions: The person who usually collects payments is the one responsible for making deposits, recording each transaction, and reconciling bank accounts.
      Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the Commission.

   c) 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 deposit.

      Performance: Inquired of client to ensure separation of duties for those employees collecting cash and those employees posting collection entries to the general ledger or subsidiary ledgers.
      Exceptions: There is no separation of duties.
      Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the Commission.

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

Performance: Inquired of client to ensure separation of duties for those employees collecting cash and those employees posting collection entries to the general ledger or subsidiary ledgers.
Exceptions: There is no separation of duties.
Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the Commission.

6. Observe 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.

   Performance: Determined that employees who have access to cash are covered by a bond or insurance policy for theft.
   Exceptions: There were no exceptions noted.
   Management's response: Not applicable.

7. Randomly select two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the deposits and:

   a) Observe that receipts are sequentially pre-numbered.

      Performance: Determined that sequentially pre-numbered receipts are not utilized by the Commission.
      Exceptions: Sequentially pre-numbered receipts are not utilized by the Commission.
      Management's response: Pre-numbered receipts are not deemed necessary.

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

      Performance: Inspected deposits from two random deposit dates to determine if they had collection documentation that agreed to the respective deposit slips. Noted that all collections were supported by adequate documentation.
      Exceptions: There were no exceptions noted.
      Management's response: Not applicable.

   c) Trace the deposit slip total to the actual deposit per the bank statement.

      Performance: Inspected deposits from two random deposit dates to determine if the deposit slips agreed to the actual deposits per the bank statements.
      Exceptions: There were no exceptions noted.
      Management's response: Not applicable.

d) Observe that the deposit was made within one business day of receipt at the collection location.

Performance: Determined if deposits from two random deposit dates were deposited within one business day of receipt.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Inspected deposits from two random deposit dates to determine if the deposits per the bank statements agree to the general ledger.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

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

Performance: Obtained a listing of locations that processed payments for the fiscal period from management and received management's representation in a separate letter. Determined that only one location processed payments.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

9. For each location selected under #8 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, and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions to determine if there was a proper segregation of duties for initiating, approving, and making purchases.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

b) At least two employees are involved in processing and approving payments to vendors.

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions to determine if there was a proper segregation of duties for processing and approving payments to vendors.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

c) 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.

Performance: Inquired of management as to separation of duties related to vendor files.
Exceptions: It has been determined that there is no separation of duties regarding the processing of payments and the addition of vendors.
Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

d) 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.

Performance: Inquired of management to determine if the employee responsible for processing payments mails those respective payments.
Exceptions: The employee who processes payments sometimes mails those payments.
Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

e) 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.

Performance: Inquired of management to determine that only authorized individuals approve electronic release of funds.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

10. For each location selected under #8 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 five disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the completed general ledger for the fiscal period and

obtained management's representations in a separate letter. Randomly selected five disbursements using a random number generator for check numbers to test the requirements below.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

Performance: Determined that the five random disbursements matched their respective original invoices and that the invoices indicate that deliverables were received by the entity.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: Determined whether the documentation for the five random disbursements gave evidence of the segregation of duties tested in #9 above.
Exceptions: There were no exceptions noted in #10 other than those exceptions noted in #9 above.
Management's response: Not applicable.

11. Using the entity's main operating accounts and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and 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:

Performance: Determined whether the documentation for the five random disbursements gave evidence of the disbursements being appropriately approved.
Exceptions: No exceptions were noted.
Management's response: Not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

Performance: Obtained a listing of cards for the fiscal period from management and management's representations in a separate letter
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

13. Using the listing prepared by management, randomly select five cards (or all cards if less than five) 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:

a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

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

Performance: Determined that statements received were reviewed and approved in writing by someone other than the authorized card holder, and that no finance charges or late fees were assessed.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

14. Using the monthly statements or combined statements selected under #13 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. 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.

Performance: Determined whether the 10 transactions selected were supported by an original itemized receipt, written documentation of the business/public purpose, and documentation of the individual participating in meals.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

15. Using the list of terminated employees obtained in Payroll and Personnel procedure #20, 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.

Performance: Determined that card use was deactivated for terminated employees.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

16. 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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

   a) 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).

      Performance: Determined that all five randomly selected reimbursements were paid on a per diem basis, and the per diem rates paid were proper.
      Exceptions: There were no exceptions noted.
      Management's response: Not applicable.

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

      Performance: Determined none of the five randomly selected reimbursements were reimbursed using actual costs.
      Exceptions: There were no exceptions noted.
      Management's response: Not applicable.

   c) 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).

      Performance: Determined that all five randomly selected reimbursements were supported by documentation of the business/public purpose and other documentation required by written policy.
      Exceptions: There were no exceptions noted.
      Management's response: Not applicable.

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

Performance: Determined that all five randomly selected reimbursements were reviewed and approved by someone other than the person receiving the reimbursement.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Contracts

17. 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 five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

Performance: Observed the listing of contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

Performance: Determined that the contracts meeting the requirements were bid in accordance with the bid law.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

b) Observe that the contract was approved by the governing body/board, if required by policy or law.

Performance: Determined that the selected contracts were approved by St. Martin Parish Water and Sewer Commission No. 1's board.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

c) If the contract was amended, observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

Performance: Determined that all five selected contracts were original contracts and were in compliance with the original contract terms.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

d) Randomly select one payment from the fiscal period for each of the five 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.

Performance: Inspected the randomly selected invoice and compared to the written contract information to determine that the invoice and related payment complied with the terms of the contract.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Payroll and Personnel

18. 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 authorized salaries/pay rates in the personnel files.

Performance: Observed the listing of employees and received management's representation of completeness in a separate letter. Randomly selected five employees, obtained their related paid salaries and personnel files, and agreed paid salaries to the authorized rates.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

19. Randomly select one pay period during the fiscal period. For the five employees or officials selected under #18 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe that all selected employees or officials documented their daily attendance and leave.

b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Performance: Performed procedures under #19 above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

20. 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, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

    Performance: Obtained management's representation of terminated employees who received termination payments. Determined that four employees received termination payments during the year. Tested two of the payments by calculating hours and pay rate, compared to leave records, and reviewing personnel files.
    Exceptions: There were no exceptions noted.
    Management's response: Not applicable.

21. Obtain management's representation that employer and employee portions of third-party payroll-related amounts have been paid, and any associated forms have been filed, by required deadlines.

    Performance: Obtained management's representation in a separate letter that employer and employee portions of third-part payroll-related amounts have been paid, and any associated forms have been filed by required deadlines.
    Exceptions: There were no exceptions noted.
    Management's response: Not applicable.

<u>Ethics</u>

22. Using the five employees from procedure #18 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

    a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

        Performance: Observed the ethics course completion certificates for the employees/officials tested.
        Exceptions: There were no exceptions noted.
        Management's response: Not applicable.

    b) Observe that the entity maintains documentation which demonstrates each employee and official was notified of any changes to the entity's policy during the fiscal period, as applicable.

Performance: Determined that there were no changes to the ethics policy during the fiscal period.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Inquired as to whether the agency has appointed an ethics designee as required by R.S. 42:1170.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Debt Service

24. 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 bond/note issued.

Performance: Determined that no bonds/notes and other debt instruments were issued during the fiscal period.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

25. 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.

Performance: Obtained a listing of the outstanding debt at the end of the fiscal period and received management's representation of completeness in a separate letter. Inspected debt covenants, obtained supporting documentation for the balance and payments, and agreed the actual balance and payments to the required debt covenants.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Fraud Notice

26. 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.

Performance: Inquired of management of any misappropriations of public funds or assets and determined that none were noted.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

27. 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.

Performance: Inquired and observed such notice posted on the premises and website.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Information Technology Disaster Recovery/Business Continuity

28. Perform the following procedures:

a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup (1) occurred within the past week, (2) was not stored on the government's local server or network, and (3) was encrypted.

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, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three months.

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 five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting software in use are currently supported by the vendor.

29. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #20. Observe evidence that the selected terminated employees have been removed or disabled from the network.

30. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #18, 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:

a) Hired before June 9, 2020 – completed the training; and
b) Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

Performance – We performed the procedures and discussed the results with management.

Sexual Harassment

31. Using the five randomly selected employees/officials from procedure #18 under "Payroll and Personnel" above, 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.

Performance: Determined that the five employees selected in the payroll and personnel section completed at least one hour of sexual harassment training.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

32. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website.

Performance: Determined if the Commission has posted its sexual harassment policy and complaint procedure on its website.
Exceptions: The Commission has not posted its sexual harassment policy and complaint procedure on its website.
Management's response: The Commission will post its sexual harassment policy and complaint procedure on its website.

33. 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 it includes the applicable requirements of R.S. 42:344:

a) Number and percentage of public servants in the agency who have completed the training requirements;

b) Number of sexual harassment complaints received by the agency;

c) Number of complaints which resulted in a finding that sexual harassment occurred;

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

e) Amount of time it took to resolve each complaint.

Performance: Obtained St. Martin Parish Water and Sewer Commission No. 1's annual sexual harassment report, noting that it met the applicable requirements of R.S. 42:344 with one exception.
Exceptions: The report was dated March 16th.
Management's response: The Commission will ensure the report is prepared timely in accordance with the requirements of R.S. 42:344.