Houma Restoration District

Annual Financial Report
Year Ended December 31, 2025

Houma Restoration District

Annual Financial Report
Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Houma Restoration District
Houma, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of the Houma Restoration District (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 6 and the budgetary comparison schedule on page 18 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to District Head on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Compensation, Benefits, and Other Payments to District Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to District Head is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Martin and Pellegrin

Houma, Louisiana
May 9, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Houma Restoration District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2025.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by $293,908 (net position) as of December 31, 2025.
- Expenditures exceeded revenues by $990,120 during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of the following:

Statement of Net Position. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Statement of Activities. Consistent with the full accrual basis method of accounting, this statement accounts for the entity-wide current year revenues and expenses regardless of when cash is received or paid.

Balance Sheet- Governmental Fund Type-General Fund. This statement presents the District's assets, liabilities, and fund balances for its general fund only.

Statement of Revenues, Expenditures, and Change in Fund Balance-Governmental Fund Type-General Fund. Consistent with the modified accrual basis method of accounting, this statement accounts for current year revenues when received except when they are measurable and available. Expenditures are accounted for in the period that goods and services are used in the government's activities. In addition, capital asset purchases are expensed and not recorded as an asset. The statement also exhibits the relationship of revenues and expenditures with the change in net position.

Notes to the Financial Statements. The accompanying notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

BASIC FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities by $293,908 at the close of its fiscal year, December 31, 2025. The largest portion of the District's total assets is cash deposits (100.00%).

The District's Net Position

	2025	2024
ASSETS		
Cash	$ 313,973	$ 754,208
Investment	-	529,820
TOTAL ASSETS	$ 313,973	$ 1,284,028
LIABILITIES		
Accounts payable	$ 20,065	$ -
NET POSITION		
Unrestricted	293,908	1,284,028
TOTAL LIABILITES AND NET POSITION	$ 313,973	$ 1,284,028

The decrease in the amount of total assets is primarily due to the public amenity grants and amounts distributed to subrecipients during the year.

During the year, the District's net position decreased by $990,120. The elements of the decrease are as follows:

The District's Change in Net Position

	2025	2024
REVENUES		
State of Louisiana	$ -	$ 750,000
Interest income	14,481	54,097
Total revenues	14,481	804,097
EXPENDITURES		
Public amenity grants	444,524	169,632
Project costs/subrecipients	250,000	250,000
Acquisitions/major repairs	190,645	3,070
Professional/contract services	118,048	36,929
Other	1,384	1,596
Total expenditures	1,004,601	461,227
CHANGE IN NET POSITION	$ (990,120)	$ 342,870

The change in net position is primarily due to no intergovernmental revenue from the State of Louisiana being received in 2025.

BUDGET

The District amended its budget once during the fiscal year. The budget for revenues was $14,500 and the budget for expenditures was $1,011,585.

The District's actual revenues were less than the budgeted revenues by $19, an unfavorable variance of 0.13%. The District's actual expenditures were less than the budgeted expenditures by $6,984, a favorable variance of 0.69%.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with such an interest. Call 985-873-6407 and ask for Mr. Tanner Magee, Chairman, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

FINANCIAL STATEMENTS

Houma Restoration District
Statement of Net Position
December 31, 2025

	Governmental Activities
ASSETS	
Cash	$ 313,973
LIABILITIES	
Accounts payable	20,065
NET POSITION	
Unrestricted	$ 293,908

See accompanying notes.

Houma Restoration District
Statement of Activities
Year Ended December 31, 2025

	Expenses	Program Revenues	Net (Expense) Revenue and Change in Net Position Governmental Activities
GOVERNMENTAL ACTIVITIES			
Economic development	$ 1,004,601	$ -	$ (1,004,601)
Total governmental activities	$ 1,004,601	$ -	(1,004,601)
GENERAL REVENUES			
Interest			14,481
CHANGE IN NET POSITION			(990,120)
NET POSITION, BEGINNING			1,284,028
NET POSITION, ENDING			$ 293,908

See accompanying notes.

Houma Restoration District
Balance Sheet
Governmental Fund Type- General Fund
December 31, 2025

ASSETS		
Cash	$	313,973
LIABILITIES		
Accounts payable	$	20,065
FUND BALANCE		
Unassigned		293,908
TOTAL LIABILITIES AND FUND BALANCE	$	313,973

See accompanying notes.

Houma Restoration District
Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Fund Type- General Fund
Year Ended December 31, 2025

REVENUES	
Interest earned	$ 14,481
EXPENDITURES	
Economic development:	
Public amenity grants	444,524
Project costs/subrecipients	250,000
Acquisitions/major repairs	190,645
Professional/contract services	118,048
Other	1,384
TOTAL EXPENDITURES	1,004,601
CHANGE IN FUND BALANCE	(990,120)
FUND BALANCE - Beginning	1,284,028
FUND BALANCE - Ending	$ 293,908

See accompanying notes.

Houma Restoration District
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2025

Fund balance - governmental fund	$293,908
Amounts reported for governmental activities in the statement of net position are different because:	
There are no reconciling items	-
Net position of governmental activities	$293,908

Reconciliation of the Statement of Governmental Fund Revenues,
Expenditures, and Change in Fund Balance to the
Statement of Activities
Year Ended December 31, 2025

Change in fund balance - governmental fund	$ (990,120)
Amounts reported for governmental activities in the statement of activities are different because:	
There are no reconciling items	-
Change in net position of governmental activities	$ (990,120)

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Because the economic resources received or held by the District are entirely or almost entirely for the benefit of the primary government or its constituents, the Houma Restoration District was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the parish. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Consolidated Government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity. The district is comprised of all property on either side of and all property between West/East Park Avenue and West/East Main Street between their intersections with Morgan Street and Grand Caillou Road in Houma, Louisiana. The primary purposes of the District are to provide for restoration and preservation of the character of the area within the District, to provide opportunity for cultural events, and to encourage economic development within the District that is consistent with the plan adopted by its Board of Commissioners.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

A. REPORTING ENTITY

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and, as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2025. The District 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 and a statement of activities. 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 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 investment in capital assets, net of related debt.

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

Fund balance classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making District. The Board of Commissioners must vote on commitments.

Assigned – This component of fund balance is intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Commissioners can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Stabilization Funds – This component of fund balance covers such things as revenue, shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Board of Commisioners have provided otherwise in its commitment or assignment actions.

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District.

The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity.

Fund Financial Statements:

The daily accounts and operations of the District are organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the District:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

D. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

E. OPERATING BUDGETARY DATA

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America. The General Fund budget presentation is included in the basic financial statements.

F. ENCUMBRANCES

The District does not utilize encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers.

G. COMPENSATED ABSENCES

The District has no employees. There is no accumulated unpaid vacation and sick leave as of December 31, 2025.

H. USE OF 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. RECENT ACCOUNTING PRONOUNCEMENT

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

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. The 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 District'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. The standard is effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

NOTE 2 – DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations. 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 balance of deposits is as follows:

	Bank Balance	Reported Amount
Cash	$ 313,973	$ 313,973

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2025, $55,205 of the District's bank balance was 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 District's name.

Cash was adequately collateralized in accordance with State law by securities held by unaffiliated banks for the accounts of the District. 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 – COMPENSATION OF COMMISSIONERS

Members of the District Board serve without compensation.

NOTE 4 – LITIGATION AND CLAIMS

At December 31, 2025, the District had no litigation or claims pending.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through May 9, 2026, which is the date the financial statements were available to be issued, and it was determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Houma Restoration District

Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Revised Budget Favorable/
	Original	Final	Amounts	(Unfavorable)
REVENUES				
State of Louisiana	$ 750,000	$ -	$ -	$ -
Interest income	50,000	14,500	14,481	(19)
TOTAL REVENUES	800,000	14,500	14,481	(19)
EXPENDITURES				
Public amenity grants	500,000	450,000	444,524	5,476
Project costs/subrecipients	250,000	250,000	250,000	-
Acquisitions/major repairs	1,000,000	190,000	190,645	(645)
Professional/contract services	100,000	120,000	118,048	1,952
Other	85,000	1,585	1,384	201
TOTAL EXPENDITURES	1,935,000	1,011,585	1,004,601	6,984
CHANGE IN FUND BALANCE	(1,135,000)	(997,085)	(990,120)	6,965
FUND BALANCE, BEGINNING	1,284,028	1,284,028	1,284,028	-
FUND BALANCE, ENDING	$ 149,028	$ 286,943	$ 293,908	$ 6,965

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

Houma Restoration District
Schedule of Compensation, Benefits, and Other Payments
To Agency Head
Year Ended December 31, 2025

Agency Head: Mr. Noah Lirette, Chairman

Purpose	**Amount**
Salary	$-0-
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-other	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

This form is used to satisfy the reporting requirements of R.S. 24:513(A)(3).

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Martin and Pellegrin
Certified public Accountants
(A Professional Corporation)

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Houma, Louisiana 70360

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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*

To the Board of Commissioners
Houma Restoration District
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Houma Restoration District (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 9, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

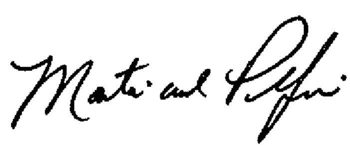
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The District'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.



Houma, Louisiana
May 9, 2026

Houma Restoration District
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 Houma Restoration District.
2. One significant deficiency in internal control over financial reporting (see finding 2025-001) was noted during the audit of the financial statements.
3. No instances of noncompliance or other matters required to be reported under *Government Auditing Standards* were noted during the audit of the financial statements.
4. A management letter was not issued.
5. The District did not receive or expend federal awards during the year.

Section II – Financial Statement Findings

2025-001 – Inadequate Internal Control

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

Criteria: In our consideration of internal control, we noted that the size of the District's operations and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Effect 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 District 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 District should closely monitor the activities of the District and implement other control procedures until the agency has grown to the point where it is cost-beneficial to employ an adequate system of internal controls.

Planned Action: The District will implement the recommendation as detailed above.

Questioned Costs: $ -0-

Section III – Federal Awards

No federal awards were received during the year.

Houma Restoration District
Management's Corrective Action Plan
for Current Year Findings
Year Ended December 31, 2025

The contact person for the corrective action noted below is Mr. Tanner Magee, Chairman.

Section I – Internal Control and Compliance

2025-001 – Inadequate Internal Control

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

Recommendation: The Board of Commissioners of the District should closely monitor the day-to-day activities of the entity and implement other control procedures until the agency has grown to the point where it is cost beneficial to employ an adequate system of internal controls.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the District until it is cost efficient to employ additional staff.

Section II – Internal Control and Compliance Material To Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

Houma Restoration District
Schedule of Prior Findings and Responses
Year Ended December 31, 2025

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

Section I – Internal Control and Compliance to the Financial Statements

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 District.

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

Status: Ongoing. The District has implemented the recommendation, but the lack of segregation of duties continues to exist. As such, the Board will continue to perform the recommendation.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.