

**ST. MARY PARISH WATER
AND SEWER COMMISSION NO. 4**
Baldwin, Louisiana

Financial Report

Year Ended September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
St. Mary Parish Water and Sewer Commission No. 4
Baldwin, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Mary Parish Water and Sewer Commission No. 4 (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of September 30, 2025, and the changes in financial position and cash flows thereof 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 and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 State of America require certain information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the schedule of employer's share of net pension liability (asset), schedule of employer pension contributions, or the note to retirement system schedules 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 to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the Commission's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the comparative financial statements; statements of revenues, expenses and changes in net position by utility; and other schedules as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financials statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 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 the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

BASIC FINANCIAL STATEMENTS

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4

Baldwin, Louisiana

Statement of Net Position

September 30, 2025

ASSETS

Current assets:

Cash and interest-bearing deposits	\$ 377,751
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Receivables:

Accounts receivable	228,391
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Ad valorem receivable	10,007
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Due from State of Louisiana	378,167
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Due from others	14,564
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Prepaid expenses	<u>47,315</u>
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Total current assets	<u>1,056,195</u>
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Noncurrent assets:

Restricted assets:

Cash and interest-bearing deposits	1,040,227
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Capital assets:

Land and construction in progress	3,082,871
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Other, net of accumulated depreciation	7,843,757
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Other assets:

Net pension asset	<u>110,402</u>
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Total noncurrent assets	<u>12,077,257</u>
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Total assets	<u>13,133,452</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to net pension liability/asset	<u>89,181</u>
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(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4

Baldwin, Louisiana

Statement of Net Position (continued)

September 30, 2025

LIABILITIES

Current liabilities:

Cash overdraft	\$ 41,492
Accounts payable	406,127
Accrued liabilities	80,946
Insurance payable	36,880
Note payable	25,619
Retainage payable	90,397
Due to other governmental units	831,189
Payable from restricted assets:	
Revenue anticipation note	325,000
Current maturities of bonds payable	390,000
Accrued interest	31,837
Refundable deposits	<u>236,439</u>
Total current liabilities	<u>2,495,926</u>

Noncurrent liabilities:

Bonds payable	2,295,000
Note payable	11,193
Compensated absences	<u>196,651</u>
Total noncurrent liabilities	<u>2,502,844</u>
Total liabilities	<u>4,998,770</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to net pension liability/asset	<u>52,221</u>
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NET POSITION

Net investment in capital assets	7,868,417
Restricted for debt service	803,788
Unrestricted (deficit)	<u>(500,563)</u>
Total net position	<u>\$ 8,171,642</u>

The accompanying notes to financial statements are an integral part of this statement.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Statement of Revenues, Expenses and Change in Fund Net Position
Year Ended September 30, 2025

OPERATING REVENUES

Water sales	\$ 1,446,344
Sewer user and inspection fees	464,481
Commissions and fees for services	88,122
Other	<u>11,697</u>
Total operating revenues	<u>2,010,644</u>

OPERATING EXPENSES

Salaries and related benefits	1,009,667
Supplies and materials	20,636
Operation and maintenance	812,860
Other services and charges	224,446
Plant operation	583,719
Depreciation	<u>743,374</u>
Total operating expenses	<u>3,394,702</u>
Operating loss	<u>(1,384,058)</u>

NONOPERATING REVENUES (EXPENSES)

Ad valorem taxes	1,268,552
Bond interest and fiscal charges	(172,314)
Miscellaneous income	<u>119,609</u>
Total nonoperating revenue (expenses)	1,215,847
Income (loss) before capital contributions	(168,211)
Capital contributions	<u>1,670,880</u>
Change in net position	1,502,669

NET POSITION, beginning	<u>6,668,973</u>
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NET POSITION, ending	<u><u>\$ 8,171,642</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Statement of Cash Flows
Year Ended September 30, 2025

OPERATING ACTIVITIES

Receipts from customers	\$ 1,944,917
Payments for goods and services	(1,431,830)
Payments to employees	<u>(970,372)</u>
Net cash used by operating activities	<u>(457,285)</u>

NONCAPITAL FINANCING ACTIVITIES

Miscellaneous receipts	101,376
Interest paid on revenue anticipation note	(38,048)
Proceeds from revenue anticipation note	325,000
Payments on anticipation note	(650,000)
Taxes received	<u>1,010,133</u>
Net cash provided by noncapital financing activities	<u>748,461</u>

CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(1,434,040)
Interest and fiscal charges paid	(121,573)
Intergovernmental grant proceeds	1,670,880
Principal payments on bonds	<u>(365,000)</u>
Net cash used by capital and related financing activities	<u>(249,733)</u>

Net change in cash and cash equivalents	41,443
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Cash and cash equivalents, beginning	<u>1,335,043</u>
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Cash and cash equivalents, ending	<u><u>\$ 1,376,486</u></u>
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(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Statement of Cash Flows (continued)
Year Ended September 30, 2025

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (1,384,058)
Adjustments to reconcile operating income to net cash used by operating activities-	
Depreciation	743,374
Pension expense, net of nonemployer contributions	(5,220)
Changes in assets and liabilities:	
Receivables	(54,030)
Prepaid expenses and other assets	(8,253)
Accounts payable	(89,194)
Accrued liabilities	64,410
Due to other governmental entities	275,686
Net cash used by operating activities	<u>\$ (457,285)</u>

Reconciliation of cash and cash equivalents per statement of cash flows to statement of net position:

Cash and cash equivalents, beginning -	
Cash and interest-bearing deposits - unrestricted	\$ 359,028
Cash and interest-bearing deposits - restricted	<u>976,015</u>
Total cash and cash equivalents, beginning	<u>1,335,043</u>
Cash and cash equivalents, ending -	
Cash and interest-bearing deposits - unrestricted	377,751
Cash and interest-bearing deposits - overdraft	(41,492)
Cash and interest-bearing deposits - restricted	<u>1,040,227</u>
Total cash and cash equivalents, ending	<u>1,376,486</u>
Net increase in cash	<u>\$ 41,443</u>

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements

INTRODUCTION

The St. Mary Parish Water and Sewer Commission No. 4 (“Commission”) was created under the provisions of Louisiana Revised Statutes 33:7831 by ordinance issued by the St. Mary Parish Council on January 10, 2007. 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 a designated territory of St. Mary Parish. The Commission is governed by seven board members appointed by the St. Mary Parish Council.

On July 1, 2007, Water and Sewer Commission No. 4 began operations and effectively terminated the operations of Waterworks Commission No. 6, Sewerage Commission No. 9, and Sewerage Commission No. 7; however, none of the Commissions were formally abolished by the Parish until September 12, 2018, when the St. Mary Parish Council adopted ordinances 2143, 2144, and 2147 abolishing Sewerage Commission No. 7 of the Parish of St. Mary, Sewerage Commission No. 9 of the Parish of St. Mary, and Waterworks Commission No. 6 of the Parish of St. Mary, respectively.

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

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

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

This criteria includes:

1. Appointing a voting majority of an organization's governing body, and the ability of the Parish to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

2. Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish Government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance to the relationship.

Because the Parish Council appoints the Commission's governing body, the Commission was determined to be a component unit of the St. Mary Parish Government, the financial reporting entity. The accompanying financial statements present information only on the Commission and does not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying financial statements of the Commission have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Financial Statements

The accounts of the Commission are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The proprietary fund is maintained consistent with legal and managerial requirements.

Proprietary Funds

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net position, changes in position, and cash flows. The two types of proprietary funds are enterprise and internal service funds. The Commission operates as an enterprise fund.

Enterprise Funds

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

The Commission's fund is used to account for the provision of water and sewerage collection and treatment services to residents. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

C. Measurement Focus/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.

Measurement Focus

Proprietary funds are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit. For the purpose of the cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Receivables

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond year-end, are recorded as prepaid items.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits. When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the statement of net position. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Commission maintains a threshold level of \$2,500 for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, 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 asset is as follows:

Water system	20-50 years
Sewer System	50 years
Buildings	40 years
Improvements	20 years
Equipment	5-20 years

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations.

Bad Debts

Uncollectible amounts due for ad valorem taxes are recognized as bad debts by direct write-off at the time information becomes available which would indicate the impairment of the collectability of the receivable. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the impairment of the collectability of the particular receivable.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

The Commission reports decreases (increases) in net assets that relate to future periods as deferred outflows (inflows) of resources in separate sections of its statement of net position. The Commission reports deferred outflows of resources and deferred inflows of resources related to its net pension asset/liability.

Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees Retirement System (the Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

The Commission adopted an annual vacation and sick leave policy for all full time employees. Vacation varies with the length of service and cannot be carried forward. Sick leave is accrued at a rate of one day per month and is allowed to accumulate up to 120 days. Up to 120 days of sick leave may be paid as a termination benefit upon retirement.

Compensated absence liability is reported in accordance with GASBS No. 101, *Compensated Absences*. As of September 30, 2025, the liability increased by \$32,818.

Long-term Debt

All long-term debt to be repaid from proprietary fund resources is reported as liabilities. The long-term debt consists primarily of bonds and notes payable.

Equity Classifications

Equity is classified as net position and displayed in three components:

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first.

E. 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 charges 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.

F. Budgets and Budgetary Accounting

Enterprise funds are not required under Louisiana Revised Statute 39:1301 et seq. to adopt a budget and the Commission has elected to not formally adopt a budget. Accordingly, budgeted amounts are not presented in this financial report.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2025, the Commission has cash and interest-bearing deposits (book balances) totaling \$ 1,376,486 as follows:

Cash on hand	\$ 200
Demand deposits	899,108
Time deposits	<u>477,178</u>
Total cash	<u><u>\$ 1,376,486</u></u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Commission or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission's deposits may not be recovered or the Commission will not be able to recover collateral securities that are in the possession of an outside party. The Commission does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2025, the Commission has \$1,522,194 in deposits (collected bank balances). Deposits in the amount of \$918,981 were exposed to custodial credit risk. These deposits are uninsured but collateralized with securities held by the pledging financial institution's agent, but not in the Commission's name.

Louisiana Revised Statute 39:1225 requires that the amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit, except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

(3) Restricted Assets

Restricted assets consisted of the following at September 30, 2025:

	Interest-bearing Deposits
Water improvement bonds	\$ 803,788
Customer security deposits	<u>236,439</u>
Total	<u>\$ 1,040,227</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and are billed to the taxpayers by the Sheriff in October or November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Taxes and the revenue recognized in the year they are billed.

The taxes are based on assessed values determined by the Tax Assessor of St. Mary Parish and are collected by the St. Mary Parish Sheriff. The taxes are remitted to the Commission net of deductions for pension fund contributions.

The following is a summary of authorized and levied ad valorem tax millages:

	<u>Authorized/ Levied Millage</u>
Commission taxes:	
Debt millage	13.54
Bond and interest millage	10.54
Operating millage	15.35

Levied millages for debt taxes and bond and interest taxes are restricted to payment of principal and interest on general obligation bonds and are reported as nonoperating revenue on the statement of revenues, expenses, and changes in net position.

Ad valorem taxes for the operation and maintenance millage are reported as nonoperating revenue on the statement of revenues, expenses, and changes in net position.

Total taxes of \$1,277,671 were levied on property having assessed taxable valuations totaling \$53,167,766.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

(5) Capital Assets

Capital asset activity for the year ended September 30, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land and improvements	\$ 6,926	\$ -	\$ -	\$ 6,926
Construction in progress	1,454,727	1,621,218	-	3,075,945
Total capital assets not being depreciated	1,461,653	1,621,218	-	3,082,871
Capital assets being depreciated:				
Water system	14,370,798	17,615	92,946	14,295,467
Sewer system	10,708,663	7,143	-	10,715,806
Buildings	536,113	-	-	536,113
Improvements	3,852,080	-	-	3,852,080
Equipment and vehicles	2,304,900	111,822	-	2,416,722
Total capital assets being depreciated	31,772,554	136,580	92,946	31,816,188
Less accumulated depreciation for:				
Water system	(11,447,730)	(303,127)	(92,946)	(11,657,911)
Sewer system	(10,324,417)	(266,171)	-	(10,590,588)
Buildings	(78,700)	(9,636)	-	(88,336)
Improvements	(510,774)	(96,513)	-	(607,287)
Equipment and vehicles	(960,382)	(67,927)	-	(1,028,309)
Total accumulated depreciation	(23,322,003)	(743,374)	(92,946)	(23,972,431)
Total capital assets being depreciated, net	8,450,551	(606,794)	-	7,843,757
Capital assets, net	\$ 9,912,204	\$ 1,014,424	\$ -	\$ 10,926,628

Depreciation expense for the year ended September 30, 2025 totaled \$743,374.

In January 2024, the Commission executed construction contracts for approximately \$3,245,486 (originally \$3,137,000, plus \$108,486 change order) for improvements to water lines and the water plant. Costs incurred on this project at September 30, 2025 are included as construction in progress in the schedule above. As of September 30, 2025, the Commission is committed to \$1,461,093 (including \$90,397 retainage) for the above mentioned construction contracts.

(6) Short-Term Debt

During the year, the Commission issued Revenue Anticipation Note not to exceed \$325,000, with an interest rate of 7.00% to supplement the costs of operations due to temporary cash flow deficiencies. The following is a summary of short term debt activity for the year ended September 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue anticipation note	<u>\$ 650,000</u>	<u>\$ 325,000</u>	<u>\$ 650,000</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

(7) Changes in Long-Term Liabilities

The following is a summary of bond transactions of the Commission for the year ended September 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct borrowings:					
Financed purchase agreement	\$ 60,766	\$ -	\$ 23,954	\$ 36,812	\$ 25,619
Direct placements:					
G.O. bonds, series 2008	350,000	-	80,000	270,000	85,000
G.O. bonds, series 2014	1,000,000	-	240,000	760,000	245,000
G.O. refunding bonds, series 2024	1,700,000	-	45,000	1,655,000	60,000
	<u>\$ 3,110,766</u>	<u>\$ -</u>	<u>\$ 388,954</u>	<u>\$ 2,721,812</u>	<u>\$ 415,619</u>

During the year ended September 30, 2024, the Commission entered into a government obligation contract to purchase an excavator. The excavator is collateral to secure the outstanding direct borrowing of \$60,766 due in monthly installments of \$1,935 to \$2,264 through February 2027, interest rate at 11%.

Bonds payable at September 30, 2025 are comprised of the following individual issues:

\$1,200,000 General Obligation Bonds, Series 2008, dated 03/01/08; due in annual installments of \$35,000-\$95,000 through March 1, 2028; interest rate of 3.94% per annum, secured by ad valorem taxation. \$ 270,000

\$3,000,000 General Obligation Bonds, Series 2014, issued July 2014 for construction improvements to the waterworks plant and system, payable in annual installments of \$175,000 to \$260,000 from 2015 to 2028, semi-annual interest payable at 0.25% to 3.00% per annum. The bonds maturing March 2028 and thereafter are callable for redemption in full, or in part, after March 2024; secured by ad valorem tax revenues. \$ 760,000

\$1,700,000 General Obligation Bonds, Series 2024, dated September 4, 2024; due in annual installments of \$5,000 to \$165,000 through March 1, 2039; semi-annual interest payable at 2.625% to 5.25% per annum. \$ 1,655,000

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
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Notes to Financial Statements (continued)

The bonds are due as follows:

Year Ending September 30,	Direct Placements		Direct Borrowings		TOTAL
	General Obligation Bonds		General Obligation Contracts		
	Principal	Interest	Principal	Interest	
2026	\$ 390,000	\$ 103,320	\$ 25,619	\$ 1,699	\$ 520,638
2027	425,000	90,120	11,193	189	526,502
2028	435,000	75,729	-	-	510,729
2029	95,000	66,413	-	-	161,413
2030	110,000	62,146	-	-	172,146
2031 - 2035	620,000	234,674	-	-	854,674
2036 - 2040	610,000	66,149	-	-	676,149
	\$ 2,685,000	\$ 698,551	\$ 36,812	\$ 1,888	\$ 3,422,251

(8) Employee Retirement

The employer pension schedules for the Parochial Employees' Retirement System of Louisiana are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed.

Substantially all of the Commission's employees are covered under the Parochial Employees' Retirement System of Louisiana. Details concerning the plan are:

Plan Description: The Parochial Employees' Retirement System of Louisiana (PERS) is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. PERS was established and provided for by RS 11:1901 of the Louisiana Revised Statute (LRS).

PERS provides retirement benefits to employees of taxing Commissions of a parish or any branch or section of a parish within the state which does not have its own retirement system and which elects to become members of PERS.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

Eligibility Requirements: All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

The Parochial Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the report can be found on the system's website, www.persla.org, or on the Louisiana Legislative Auditor's website, www.la.gov.

Retirement Benefits: Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

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

Generally, the monthly amount of the retirement allowance of any member of Plan B shall consist of an amount equal to 2% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits: Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B 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.

Deferred Retirement Option Plan: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for 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.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
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Notes to Financial Statements (continued)

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 the Deferred Retirement Option Plan 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 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 or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits: For Plan B, 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, if not eligible for normal retirement, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to 2% of the member's final average compensation multiplied by his years of service, to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

Cost of Living Increases: The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the plan year ended December 31, 2024, the actuarially determined contribution rate was 5.50% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2024 was 7.50% for Plan B.

Non-employer Contributions: According to state statute, PERS also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS 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. During the year ended September 30, 2025, the Commission recognized revenue as a result of support received from non-employer contributing entities of \$11,697 for its participation in PERS.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources:

At September 30, 2025, the Commission reported an asset in its financial statements of \$110,402 for its proportionate share of the net pension liability of PERS. The net pension liability (asset) was measured as of December 31, 2024 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The Commission's proportion of the net pension liability (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. At December 31, 2024, the Commission's proportional share of PERS was 0.646782%, which was a decrease of 0.019225% from its proportion measured as of December 31, 2023.

For the year ended September 30, 2025, the Commission recognized a pension expense of \$65,018 in its activities.

At September 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 35,200	\$ 1,762
Changes of assumptions	7,553	-
Net difference between projected and actual earnings on pension plan investments	-	47,670
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,174	2,789
Employer contributions subsequent to the measurement date	44,254	-
	<u>\$ 89,181</u>	<u>\$ 52,221</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

The \$44,254 reported as deferred outflows of resources resulting from the Commission's contributions subsequent to the measurement date will be recognized as an increase of the net pension liability 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	\$ 27,403
2027	57,046
2028	(60,559)
2029	(31,184)
	<u>\$ (7,294)</u>

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefits to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2025 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan B
Valuation Date	December 31, 2024
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.40%, net of investment expense, including inflation
Projected Salary Increases	4.25%
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2021 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2021 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2021 scale for disabled annuitants.
Inflation Rate	2.30%

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
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Notes to Financial Statements (continued)

The discount rate used to measure the total pension asset was 6.40% for Plan B, which was unchanged from the rate used in the prior year. 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, PERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The investment rate of return was 6.40% for Plan B, which was unchanged from the rate used in the prior year. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.13% for the year ended December 31, 2024.

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

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

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

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 employers' 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.

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	5.40%	6.40%	7.40%
Net Pension Liability/(Asset)	<u>\$ 275,188</u>	<u>\$ (110,402)</u>	<u>\$ (433,276)</u>

Payables to the Pension Plan

The Commission recorded accrued liabilities to PERS for the year ended September 30, 2025, primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accrued liabilities. The balance due to PERS as of September 30, 2025 is \$21,316.

(9) Contingencies

The Commission operates a water and sewerage plant, which are regulated by the Department of Environmental Quality (DEQ) and the Environmental Protection Agency (EPA). 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.

Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Commission is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2025. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(10) Compensation Paid to 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 \$300 per month.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

A detail of compensation paid to the Board of Commissioners is as follows:

Joel Authement	\$ 2,750
Anthony Darden	1,250
Chad Gianfala	2,000
William Grey	3,000
Stephanie Milton	2,500
Willie Scott	3,600
Jenny Darce	3,600
Benjamin Grimm	3,000
	<u>\$ 21,700</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. For the year ended September 30, 2025, the Commission's Chief Officer, Willie Scott, received \$3,600 in per diem payments.

(11) Related Party Activity

Parish of St. Mary ("Parish"):

The Commission collects garbage fees and mosquito charges on behalf of the Parish, the Commission's primary government. The Commission receives an administrative fee for each month's collections for their services. The Commission is also billed by the Parish for its respective share of wastewater treated at the Parish's regional treatment facility. Of the \$831,189 reported as amounts due to other governmental units at September 30, 2025, \$661,334 is due to the Parish.

(12) Intergovernmental Agreement

On March 1, 1995, the Commission (through the abolished Sewerage Commission No. 9 of the Parish of St. Mary) entered into an agreement with the Sovereign Nation of the Chitimacha (Chitimacha Tribe of Louisiana) for the construction, operation and maintenance of sanitary sewerage collection and treatment facilities. The agreement is binding on the Commission and Tribe for a period of 40 years unless renewed upon mutual consent or terminated by agreement between the parties. The agreement provides that the Commission and the Tribe were each responsible for the construction, maintenance and operation of the non-joint-service components that service their customers only. The Commission was and is responsible for the construction, administration, operation, and maintenance of the joint service components. The costs associated with the construction of the sewer treatment facility was shared equally by the Commission and the Tribe up to \$425,000 each. The Tribe contributed a lump sum amount of \$35,000 as its share of costs related to the construction of other joint service components such as regional pump stations and regional force mains to be constructed under the agreement and that may be constructed in the future over an anticipated 20-year period. For the treatment facility and the other joint service components, ownership shall vest to the Commission and the Tribe in relation of their cost contribution in proportion to the total costs of the construction.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

Subject to the direction of the Management Committee, made up of one representative from the Commission and one from the Tribe, the Commission shall be responsible for the proper physical operation and maintenance of all joint service components constructed under the agreement. The Commission shall determine, establish, and institute an equitable system of user charges for the users of the facilities for the payment of the necessary costs of operation and maintenance of the joint service components. The Tribe shall, on a monthly basis, pay to the Commission their pro-rata share of the costs of operating and maintaining the joint service components. The pro-rata share of the costs shall be determined based on the proportionate burden placed on the facility by the sewer customers of each of the parties as indicated by flow measurements. The Commission shall pay all costs of operation and maintenance of the facility as they become due and payable and shall submit to the Tribe, monthly, following such payment, an itemized statement showing such costs.

(13) Tax Abatements

The Commission is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the Commission may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, local governments have the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program. For the year ended September 30, 2025, the Commission incurred abatements of ad valorem taxes through ITEP.

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which the tax entity administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. For the year ended September 30, 2025, \$94,765 of the Commission's ad valorem tax revenues were abated by other governments through ITEP.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Notes to Financial Statements (continued)

(14) New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements:

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 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.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Employer's Share of Net Pension Liability (Asset)
Year Ended September 30, 2025

Plan Year Ended Dec. 31	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset
2015	0.609904%	\$ 108,591	\$ 512,135	21.20%	93.48%
2016	0.595456%	\$ 77,354	\$ 593,188	13.04%	95.50%
2017	0.542440%	\$ (68,250)	\$ 572,547	-11.92%	104.02%
2018	0.631072%	\$ 170,494	\$ 658,637	25.89%	91.93%
2019	0.547931%	\$ (39,641)	\$ 595,804	-6.65%	102.05%
2020	0.538516%	\$ (138,251)	\$ 616,772	-22.42%	106.76%
2021	0.600594%	\$ (335,618)	\$ 685,984	-48.93%	114.20%
2022	0.662671%	\$ 157,775	\$ 771,844	20.44%	94.26%
2023	0.666007%	\$ 6,681	\$ 827,565	0.81%	99.77%
2024	0.646782%	\$ (110,402)	\$ 823,912	-13.40%	103.63%

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Employer Pension Contributions
Year Ended September 30, 2025

Fiscal Year Ended Sept. 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	\$ 47,455	\$ 47,455	\$ -	\$ 593,188	8.00%
2017	\$ 44,868	\$ 44,868	\$ -	\$ 560,836	8.00%
2018	\$ 48,203	\$ 48,203	\$ -	\$ 631,653	7.63%
2019	\$ 46,960	\$ 46,960	\$ -	\$ 626,130	7.50%
2020	\$ 45,205	\$ 45,205	\$ -	\$ 602,729	7.50%
2021	\$ 52,419	\$ 52,419	\$ -	\$ 698,925	7.50%
2022	\$ 56,356	\$ 56,356	\$ -	\$ 751,422	7.50%
2023	\$ 60,755	\$ 60,755	\$ -	\$ 810,065	7.50%
2024	\$ 62,435	\$ 62,435	\$ -	\$ 832,467	7.50%
2025	\$ 58,540	\$ 58,540	\$ -	\$ 822,507	7.12%

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Note to Retirement System Schedules
Year Ended September 30, 2025

Parochial Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

<u>Plan Year Ended December 31,</u>	<u>Discount Rate</u>	<u>Investment Rate of Return</u>	<u>Inflation Rate</u>	<u>Expected Remaining Service Lives</u>	<u>Projected Salary Increase</u>
2015	7.00%	7.00%	2.50%	4	5.25%
2016	7.00%	7.00%	2.50%	4	5.25%
2017	6.75%	6.75%	2.50%	4	5.25%
2018	6.50%	6.50%	2.40%	4	4.25%
2019	6.50%	6.50%	2.40%	4	4.25%
2020	6.40%	6.40%	2.30%	4	4.25%
2021	6.40%	6.40%	2.30%	4	4.25%
2022	6.40%	6.40%	2.30%	4	4.25%
2023	6.40%	6.40%	2.30%	4	4.25%
2024	6.40%	6.40%	2.30%	4	4.25%

SUPPLEMENTARY INFORMATION

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through/ Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Expenditures</u>
UNITED STATES DEPARTMENT OF THE TREASURY				
Passed through State of Louisiana, Division of Administration				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Water Sector	21.027	LAWSP10231	\$ -	\$ 1,621,218
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
Passed through Louisiana Office of Public Assistance				
Disaster Grants-Public Assistance-Presidentially Declared Disasters:	97.036			
Hurricane Barry		PA-4458	-	1,194
Hurricane Francine		PA-4817	-	20,927
Total Disaster Grants-Public Assistance-Presidentially Declared Disasters			-	22,121
			\$ -	\$ 1,643,339

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2025

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Commission. The Commission's reporting entity is defined in Note 1 to the financial statements for the year ended September 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission. The American Rescue Plan Act Funding Program from the U.S. Department Treasury, passed through the Louisiana Division of Administration was considered to be the major federal program of the Commission.

(2) Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through identifying numbers are presented where available. The Commission did not incur any indirect costs associated with federal awards. The Commission has not elected to use the fifteen (15) percent de minimis indirect cost.

(3) Subrecipients

The Commission provided no federal awards to subrecipients.

(4) Donated PPE Purchased with Federal Assistance Funds for the COVID-19 Response

The Commission did not receive donated PPE purchased with federal assistance funds for COVID-19 response.

OTHER INFORMATION

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Statement of Net Position
September 30, 2025
With Comparative Totals as of September 30, 2024

ASSETS	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and interest-bearing deposits	\$ 377,751	\$ 359,028
Receivables:		
Accounts receivable	228,391	174,361
Ad valorem receivable	10,007	19,035
Due from State of Louisiana	378,167	125,284
Due from others	14,564	-
Prepaid expenses	47,315	39,062
Total current assets	<u>1,056,195</u>	<u>716,770</u>
Noncurrent assets:		
Restricted assets:		
Cash and interest-bearing deposits	1,040,227	976,015
Capital assets:		
Land and construction in progress	3,082,871	1,461,653
Other, net of accumulated depreciation	7,843,757	8,450,551
Other assets:		
Net pension asset	110,402	-
Total noncurrent assets	<u>12,077,257</u>	<u>10,888,219</u>
Total assets	<u>13,133,452</u>	<u>11,604,989</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to net pension liability/asset	<u>89,181</u>	<u>171,223</u>

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Statement of Net Position (continued)
September 30, 2025
With Comparative Totals as of September 30, 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES		
Current liabilities:		
Cash overdraft	\$ 41,492	\$ -
Accounts payable	406,127	249,319
Accrued liabilities	80,946	62,917
Insurance payable	36,880	23,317
Note payable	25,619	23,954
Retainage payable	90,397	14,306
Due to other governmental units	831,189	555,503
Payable from restricted assets:		
Revenue anticipation note	325,000	650,000
Current maturities of bonds payable	390,000	365,000
Accrued interest	31,837	19,144
Refundable deposits	<u>236,439</u>	<u>229,053</u>
Total current liabilities	<u>2,495,926</u>	<u>2,192,513</u>
Noncurrent liabilities:		
Bonds payable	2,295,000	2,685,000
Note payable	11,193	36,812
Compensated absences	196,651	163,833
Net pension liability	<u>-</u>	<u>6,681</u>
Total noncurrent liabilities	<u>2,502,844</u>	<u>2,892,326</u>
Total liabilities	<u>4,998,770</u>	<u>5,084,839</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to net pension liability/asset	<u>52,221</u>	<u>22,400</u>
NET POSITION		
Net investment in capital assets	7,868,417	6,744,413
Restricted for debt service	803,788	746,962
Unrestricted (deficit)	<u>(500,563)</u>	<u>(822,402)</u>
Total net position	<u>\$ 8,171,642</u>	<u>\$ 6,668,973</u>

See independent auditor's report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended September 30, 2025
With Comparative Totals for the Year Ended September 30, 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Water sales	\$ 1,446,344	\$ 1,421,126
Sewer user and inspection fees	464,481	368,954
Commissions and fees for services	88,122	60,711
Other	<u>11,697</u>	<u>11,728</u>
Total operating revenues	<u>2,010,644</u>	<u>1,862,519</u>
OPERATING EXPENSES		
Salaries and related benefits	1,009,667	996,353
Supplies and materials	20,636	18,205
Operation and maintenance	812,860	839,507
Other services and charges	224,446	293,568
Plant operation	583,719	706,601
Depreciation	<u>743,374</u>	<u>745,968</u>
Total operating expenses	<u>3,394,702</u>	<u>3,600,202</u>
Operating loss	<u>(1,384,058)</u>	<u>(1,737,683)</u>
NONOPERATING REVENUES (EXPENSES)		
Ad valorem taxes	1,268,552	1,150,159
Bond interest and fiscal charges	(172,314)	(157,747)
Interest income	-	1
Loss on disposal of capital assets	-	(25,988)
Miscellaneous income	<u>119,609</u>	<u>59,292</u>
Total nonoperating revenue (expense)	1,215,847	1,025,717
Capital contributions	<u>1,670,880</u>	<u>915,084</u>
Changes in net position	1,502,669	203,118
NET POSITION, beginning	<u>6,668,973</u>	<u>6,465,855</u>
NET POSITION, ending	<u>\$ 8,171,642</u>	<u>\$ 6,668,973</u>

See independent auditor's report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Statement of Cash Flows
Year Ended September 30, 2025
With Comparative Totals for the Year Ended September 30, 2024

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Revenue collected	\$ 1,944,917	\$ 1,847,718
Payments for goods and services	(1,431,830)	(2,049,896)
Payments to employees	<u>(970,372)</u>	<u>(991,724)</u>
Net cash used by operating activities	<u>(457,285)</u>	<u>(1,193,902)</u>
NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous receipts	101,376	28,178
Interest paid on revenue anticipation note	(38,048)	-
Proceeds from revenue anticipation note	325,000	650,000
Payments on anticipation note	(650,000)	-
Taxes received	<u>1,010,133</u>	<u>1,786,848</u>
Net cash provided by noncapital financing activities	<u>748,461</u>	<u>2,465,026</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,434,040)	(1,096,127)
Interest and fiscal charges paid	(121,573)	(138,603)
Intergovernmental grant proceeds	1,670,880	915,084
Principal payments on bonds	(365,000)	(28,521)
Loss on disposal of capital assets	<u>-</u>	<u>(25,988)</u>
Net cash used by capital and related financing activities	<u>(249,733)</u>	<u>(374,155)</u>
INVESTING ACTIVITIES		
Interest received	<u>-</u>	<u>1</u>
Net change in cash and cash equivalents	41,443	896,970
Cash and cash equivalents, beginning	<u>1,335,043</u>	<u>438,073</u>
Cash and cash equivalents, ending	<u>\$ 1,376,486</u>	<u>\$ 1,335,043</u>

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Statement of Cash Flows (continued)
Year Ended September 30, 2025
With Comparative Totals for the Year Ended September 30, 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (1,384,058)	\$ (1,737,683)
Adjustments to reconcile operating income to net cash used by operating activities-		
Depreciation	743,374	745,968
Pension expense, net of nonemployer contributions	(5,220)	(33,973)
Changes in assets and liabilities:		
Receivables	(54,030)	(3,073)
Prepaid expenses and other assets	(8,253)	(4,115)
Accounts payable	(89,194)	(449,797)
Accrued liabilities	64,410	46,923
Due to other governmental entities	275,686	241,848
Net cash used by operating activities	<u>\$ (457,285)</u>	<u>\$ (1,193,902)</u>

See independent auditor's report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Statement of Revenues, Expenses and Changes in Fund Net Position by Utility
Year Ended September 30, 2025

	<u>Water</u>	<u>Sewer</u>
OPERATING REVENUES		
Water sales	\$ 1,446,344	\$ -
Sewer user and inspection fees	-	464,481
Commission and fees for services	66,701	21,421
Other	<u>8,854</u>	<u>2,843</u>
Total operating revenues	<u>1,521,899</u>	<u>488,745</u>
OPERATING EXPENSES		
Salaries and related benefits	764,238	245,429
Supplies and materials	15,620	5,016
Operation and maintenance	615,271	197,589
Other services and charges	169,888	54,558
Plant operation	441,829	141,890
Depreciation	<u>562,676</u>	<u>180,698</u>
Total operating expenses	<u>2,569,522</u>	<u>825,180</u>
Operating loss	<u>(1,047,623)</u>	<u>(336,435)</u>
NONOPERATING REVENUES (EXPENSES)		
Ad valorem taxes	960,194	308,358
Bond interest and fiscal charges	(130,428)	(41,886)
Miscellaneous income	<u>90,535</u>	<u>29,074</u>
Total nonoperating revenues (expenses)	920,301	295,546
Capital contributions	<u>1,670,880</u>	<u>-</u>
Change in net position	1,543,558	(40,889)
NET POSITION, beginning	<u>5,197,378</u>	<u>1,471,595</u>
NET POSITION, ending	<u>\$ 6,740,936</u>	<u>\$ 1,430,706</u>

See independent auditor's report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Number of Customers
September 30, 2025

Records maintained by the Commission indicate the following number of residential and non-residential customers were being served during the month of September 2025 were as follows:

	<u>Water</u>	<u>Sewer</u>
Residential	2,822	983
Non-residential	<u>186</u>	<u>52</u>
Total	<u>3,008</u>	<u>1,035</u>

See independent auditor's report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Insurance in Force
September 30, 2025

<u>Description of Coverage</u>	<u>Expiration Date</u>	<u>Coverage Amounts</u>
General Liability	2/25/2026	3,000,000
Surety Bonds-		
Blanket coverage of Board of Directors	2/25/2026	60,000
Public Officials and Employees	2/25/2026	1,000,000
Employee Theft	2/25/2026	250,000
Business Auto	2/25/2026	1,000,000
Real and Personal Property	2/25/2026	Replacement Cost

See independent auditor's report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Aged Accounts
September 30, 2025

Aged receivables were as follows at September 30, 2025:

Under 30 days	\$ 103,376
31 to 60 days	<u>16,633</u>
Subtotal	120,009
Allowance for doubtful accounts	(14,931)
Accrual for unbilled receivables	<u>123,313</u>
Total receivables	<u>\$ 228,391</u>

See independent auditor's report.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Water and Sewer Rates
September 30, 2025

Water and sewer charge rates for residential and non-residential customers of the Commission are as follows:

Residential and non-residential:

Water rates:

\$17.00 per month for the first 2,000 gallons
\$4.80 per thousand or part thereof over 1,000 gallons

Sewer rates:

\$22.50 per month for the first 2,000 gallons
\$3.75 per thousand or part thereof over 1,000 gallons

Water rates Baldwin customers:

\$19.00 per month for the first 2,000 gallons
\$5.80 per thousand or part thereof over 1,000 gallons

See independent auditor's report.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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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*

The Board of Commissioners
St. Mary Parish Water and Sewer Commission No. 4
Baldwin, 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. Mary Parish Water and Sewer Commission No. 4 (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 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 August 31, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and which are described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, 2025-003, 2025-004 and 2025-005.

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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2025-006, 2025-007, 2025-008, and 2025-009.

Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying corrective action plan for current audit findings. 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
August 31, 2026

KOLDER, SLAVEN & COMPANY, LLC

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

The Board of Commissioners
St. Mary Parish Water and Sewer Commission No. 4
Baldwin, Louisiana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited St. Mary Parish Water and Sewer Commission No. 4's (hereinafter, "Commission"), a component unit of the Parish of St. Mary, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended September 30, 2025. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-011. Our opinion on the major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weaknesses.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-010 to be a material weakness.

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
August 31, 2026

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

Part I. Summary of auditor's results:

Financial Statements

1. Type of opinion issued on the financial statements Unmodified
2. Internal control over financial reporting:
- | | | | | |
|---|---|-----|----|---------------|
| Material weakness(es) identified? | ✓ | yes | no | |
| Significant deficiency(ies) identified? | ✓ | yes | no | none reported |
3. Noncompliance material to the financial statements? no

Federal Awards

4. Internal control over major federal programs:
- | | | | | |
|---|---|-----|----|---------------|
| Material weakness(es) identified? | ✓ | yes | no | |
| Significant deficiency(ies) identified? | ✓ | yes | no | none reported |
5. Major programs and type of auditor's report issued:

AL Number	Federal Agency and Name of Major Program	Type of Opinion
	<u>United States Department of Treasury</u>	
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Water Sector	Unmodified

6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)? no
7. Threshold for distinguishing type A and B programs? \$ 1,000,000
8. Qualified as a low-risk auditee? no

Other

9. Management letter issued? no

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2025

Part II. Findings required to be reported in accordance with *Government Auditing Standards*:

A. Internal Control

2025-001 – Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Commission's internal control over financial reporting includes those policies and procedures that pertain to the Commission's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

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.

2025-002 – Financial Reporting (Application of Generally Accepted Accounting Principles)

Year Initially Occurring: Unknown

CONDITION: The Commission lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

CRITERIA: The Commission's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements and to apply GAAP in the preparation of those financial statements and related disclosures.

CAUSE: The condition results from the relatively small size of the Commission and the increased costs of hiring personnel to prepare GAAP-based financial statements.

EFFECT: GAAP-based financial statements, as applicable to governmental entities, are not prepared by the Commission.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2025

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

2025-003 – Bank Reconciliations

Year Initially Occurring: 2023

CONDITION: The Commission did not prepare monthly bank reconciliations timely for certain bank accounts.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel - designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Commission's internal control over financial reporting includes those policies and procedures that pertain to the Commission's ability to record process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.

CAUSE: Bank reconciliations were not prepared timely.

EFFECT: Transactional and other activity may not be appropriately recorded and/or misappropriations may not be timely detected.

RECOMMENDATION: We recommend policies and procedures be implemented resulting in bank reconciliations being performed and compared to general ledger activity on a periodic basis.

2025-004 – Material Financial Statement Adjustments

Year Initially Occurring: 2023

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.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Commission's internal control over financial reporting includes those policies and procedures that pertain to the Commission's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

Such internal controls allow management to prevent or detect and correct misstatements on a timely basis.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2025

CAUSE: The condition results from the failure to design and implement or follow implemented policies and procedures which provide assurance that the financial statements are not misstated.

EFFECT: Material audit adjustments were necessary to correct misstatements in 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.

2025-005 – Due to Other Governments

Year Initially Occurring: 2024

CONDITION: At September 30, 2025, the Commission holds due to other governmental agencies balances of approximately \$831,000 and approximately \$601,000 of that have been outstanding for more than 90 days.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Commission’s internal control over financial reporting includes those policies and procedures that pertain to the Commission’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements. Such internal controls allow management to prevent or detect and correct misstatements on a timely basis.

CAUSE: The condition results from cash flow shortfalls and the failure to make remittances in a timely manner.

EFFECT: As a result of the untimely remittance of required payments, the Commission may be in violation of applicable regulations or contractual obligations, potentially subjecting it to penalties, interest, or reputational harm. Additionally, the delayed remittances could result in misstated financial information and impair users’ ability to rely on the financial statements for timely and accurate information.

RECOMMENDATION: We recommend that the Commission implement policies and procedures to ensure timely processing of amounts due to other governments.

B. Compliance and Other Matters

2025-006 – Late Filing of State Taxes

Year Initially Occurring: 2023

CONDITION: The Commission did not submit sales and payroll taxes to the state on or before the required filing dates.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2025

CRITERIA: RS 47:114(B) Returns and payment of tax, Date for filing quarterly returns (payroll) states “The due date for filing the quarterly returns required under this Subpart shall be the last day of the month following the close of the calendar quarterly reporting period.”

RS 47:306(A)(b) Returns and payment of tax (sales tax) states in part “the return ...for the quarter shall be filed on or before the twentieth day of the first month of the next succeeding quarter....”

RS 47:1562(A) – Determination and notice of tax due states in part “If a taxpayer fails to make and file any return or report required by the provisions of this Subtitle the secretary shall determine the tax, penalty, and interest due by estimate or otherwise....”

CAUSE: Failure to submit tax returns in a timely manner.

EFFECT: The Commission may not be in compliance with required laws and paid unnecessary amounts for penalties and interest.

RECOMMENDATION: We recommend that the Commission comply with required laws and file returns on a timely basis.

2025-007 – State Bond Commission Approval

Year Initially Occurring: 2023

CONDITION: The Commission financed insurance policy premiums beyond 90 days without approval by the State Bond Commission.

CRITERIA: RS 39:1410.60(A) states in part “No public entity, created under or by the constitution and laws of the state shall have authority to borrow money, incur debt, or to issue bonds, or other evidences of debt, or to levy taxes, or to pledge uncollected taxes or revenues for the payment thereof, where they are authorized by the constitution or laws of the state so to do, without the consent and approval of the State Bond Commission.” And (B)(1) states “The provisions of this Section shall not apply to purchases made in the ordinary course of administration on terms of credit not to exceed ninety days.”

CAUSE: Failure to obtain State Bond Commission approval prior to financing insurance policy premiums.

EFFECT: The Commission may not be in compliance with required laws.

RECOMMENDATION: We recommend that the Commission comply with required laws and obtain State Bond Commission approval and consent prior to incurring debt.

2025-008 – Publication of Written Minutes

Year Initially Occurring: 2024

CONDITION: The Commission failed to make timely publication of minutes of its public meetings.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2025

CRITERIA: LA R.S. 42:11-28 et seq., “the Open Meetings Law”, regulates meetings of public bodies. It is designed to ensure that decisions by public bodies are made in an open forum and that all interested persons be provided the right to observe deliberations of public bodies, except in cases established by law.

R.S. 42:20 notes that the minutes shall be public records and shall be available within a reasonable time after the meeting. For municipal corporations, parish governments, and school boards, R.S. 43:144 requires that minutes be submitted to the official journal within twenty days after the meeting.

CAUSE: The condition results from the Commission’s failure to furnish the minutes to its official journal in a timely manner.

EFFECT: The Commission may not be in compliance with the Open Meetings Law.

RECOMMENDATION: We recommend that the Commission prepare written minutes for all public meetings held and ensure that the minutes are furnished to the official journal for publication within twenty days of the meeting.

2025-009 – Late Audit Submission

Year Initially Occurring: 2025

CONDITION: The Commission’s audit report was not completed and submitted to the Louisiana Legislative Auditor within six months of year end.

CRITERIA: R.S. 24:513 et seq provides the following:

“Such audits shall be completed within six months of the close of the entity’s fiscal year.”

CAUSE: The condition results from a failure to comply with statutory provisions.

EFFECT: The Commission is not compliant with R.S. 24:513.

RECOMMENDATION: We recommend that the Commission institute policies and procedures to ensure its audit report is completed and submitted to the Louisiana Legislative Auditor within six months of year end.

Part III. Findings and questioned costs reported in accordance with the Uniform Guidance:

A. Internal Control

2025-010 – Late Audit Submission to Federal Audit Clearinghouse

Year Initially Occurring: 2025

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Baldwin, Louisiana

Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2025

CONDITION: The Commission's audit report was not completed and submitted to the Federal Clearinghouse within nine months of year end.

CRITERIA: 2 CFR 200.512 (a) (1) states in part "The audit, the data collection form, and the reporting package must be submitted within 30 calendar days after the auditee receives the auditor's report(s) or nine months after the end of the audit period (whichever is earlier)....."

CAUSE: The reporting package was not submitted within the required timeframe due to delays in completion of the audit, which were impacted by the failure to reconcile accounts in a timely manner.

EFFECT: The Commission is not compliant with 2 CFR 200.512.

RECOMMENDATION: We recommend that the Commission should strengthen its financial reporting and year-end closing processes to ensure that all necessary information is prepared and available in a timely manner to facilitate completion of the audit within required reporting deadlines.

B. Compliance

2025-011 – Late Audit Submission to Federal Audit Clearinghouse

Year Initially Occurring: 2025

See internal control finding 2025-010.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

APPENDIX A



**WATER & SEWER COMMISSION #4
OF THE PARISH OF ST MARY
P O BOX 216
CHARENTON, LOUISIANA 70523
Ph# 337-923-7512 Fax# 337-923-7016**

**Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2025**

CHAD GIANFALA
PRESIDENT
19230 HWY 182 W
JEANERETTE, LA 70544

JOEL AUTHEMENT
VICE PRESIDENT
P O BOX 668
CHARENTON, LA 70523

JENNY DARCE
SECRETARY-TREASURER
2018 CHITIMACHA TRAIL
BALDWIN, LA 70514

CARLA A. DAVIS
261 EASY ST.
FRANKLIN, LA 70538

BENJAMIN GRIMM
293 EVES ST
JEANERETTE, LA 70544

WILLIAM P GRAY
P O BOX 545
BALDWIN, LA 70514

JOHNNY BURGESS
3759 CHITIMACHA TRAIL
JEANERETTE, LA 70544

Findings reported in accordance with *Government Auditing Standards*:

A. Internal Control –

2024-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: See schedule of audit results and findings item 2025-001.

2024-002 – Financial Reporting (Application of Generally Accepted Accounting Principles)

CONDITION: The Commission lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

CURRENT STATUS: See schedule of audit results and findings item 2025-002.

2024-003 – Bank Reconciliations

CONDITION: The Commission did not prepare monthly bank reconciliations for certain bank accounts.

CURRENT STATUS: See schedule of audit results and findings item 2025-003.

This institution is an equal opportunity provider. To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider, employer, and lender.





**WATER & SEWER COMMISSION #4
OF THE PARISH OF ST MARY
P O BOX 216
CHARENTON, LOUISIANA 70523
Ph# 337-923-7512 Fax# 337-923-7016**

2024-004 – 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.

CURRENT STATUS: See schedule of audit results and findings item 2025-004.

CHAD GIANFALA
PRESIDENT
19230 HWY 182 W
JEANERETTE, LA 70544

JOEL AUTHEMENT
VICE PRESIDENT
P O BOX 668
CHARENTON, LA 70523

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BALDWIN, LA 70514

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3759 CHITIMACHA TRAIL
JEANERETTE, LA 70544

2024-005 – Due to Other Governments

CONDITION: At September 30, 2024, the Commission holds due to other governmental agencies balances of approximately \$555,500, and approximately \$547,000 of that have been outstanding for more than 90 days.

CURRENT STATUS: See schedule of audit results and findings item 2025-005.

B. Compliance –

2024-006 – Late Filing of State Taxes

CONDITION: The Commission did not submit sales and payroll taxes to the state on or before the required filing dates.

CURRENT STATUS: See schedule of audit results and findings item 2025-006.

2024-007 – State Bond Commission Approval

CONDITION: The Commission financed insurance policy premiums beyond 90 days without approval by the State Bond Commission.

CURRENT STATUS: See schedule of audit results and findings item 2025-007.

2024-008 – Publication of Written Minutes

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P O BOX 216
CHARENTON, LOUISIANA 70523
Ph# 337-923-7512 Fax# 337-923-7016**

CONDITION: The Commission failed to make timely publication of minutes of its public meetings.

CURRENT STATUS: See schedule of audit results and findings item 2025-008.

CHAD GIANFALA
PRESIDENT
19230 HWY 182 W
JEANERETTE, LA 70544

JOEL AUTHEMENT
VICE PRESIDENT
P O BOX 668
CHARENTON, LA 70523

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2018 CHITIMACHA TRAIL
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P O BOX 545
BALDWIN, LA 70514

JOHNNY BURGESS
3759 CHITIMACHA TRAIL
JEANERETTE, LA 70544

Findings and questioned costs reported in accordance with the Uniform Guidance:

None

Management Letter Findings:

2024-ML-1 Premature Payroll Processing

The Commission processes payroll prior to the close of the pay period.

CURRENT STATUS: This condition did not reoccur.

2024-ML-2 Public Bid Law

The Commission purchased a vehicle with a value of approximately \$59,000 without soliciting at least three quotes for like items.

CURRENT STATUS: This condition did not reoccur.

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CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX B



WATER & SEWER COMMISSION #4
OF THE PARISH OF ST MARY
P O BOX 216
CHARENTON, LOUISIANA 70523
Ph# 337-923-7512 Fax# 337-923-7016

August 31, 2026

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JEANERETTE, LA 70544

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P O Box 668
CHARENTON, LA 70523

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WILLIAM P GRAY
P O Box 545
BALDWIN, LA 70514

Kolder, Slaven & Company, LLC
1201 David Drive
Morgan City, LA 70380

The following is in response to the findings resulting from the St. Mary Parish Water and Sewer Commission No. 4 audit for the fiscal year ended September 30, 2025:

2025-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Due to the size of the operation and the cost-benefit of additional personnel, we were advised that a response to this issue is not required.

2025-002 – Financial Reporting

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

MANAGEMENT'S RESPONSE: The Board of Commissioners continues to evaluate the cost-benefit of outsourcing the preparation of the Commission's financial statements to its independent auditors rather than incur the costs to employ someone to prepare GAAP-based financial statements and have determined that it would be more cost effective to outsource the preparation of the Commission's financial statements. We will review the financial statements, notes, and any supplementary information prior to accepting responsibility for their presentation and content.

2025-003 – Bank Reconciliations

CONDITION: The Commission did not prepare periodic bank reconciliations timely for certain of its bank accounts.

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293 EVES ST
JEANERETTE, LA 70544

WILLIAM P GRAY
P O BOX 545
BALDWIN, LA 70514

MANAGEMENT'S RESPONSE: We will implement policies and procedures to ensure that bank reconciliations are performed monthly.

2025-004 – 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.

MANAGEMENT'S RESPONSE: Accounts will be scrutinized for misstatements and errors will be corrected in a timely manner.

2025-005 – Due to Other Governments

CONDITION: At September 30, 2025, the Commission holds due to other governmental agencies balances of approximately \$831,000, and approximately \$601,000 of that have been outstanding for more than 90 days.

MANAGEMENT'S RESPONSE: We will implement policies and procedures to ensure timely processing of amounts due to other governments.

2025-006 – Late Filing of State Taxes

CONDITION: The Commission did not submit sales and payroll taxes to the state on or before the required filing dates.

MANAGEMENT'S RESPONSE: We will implement policies and procedures to ensure that returns are filed in accordance with state statutes.

2025-007 – State Bond Commission Approval

CONDITION: The Commission financed insurance policy premiums beyond 90 days without approval by the State Bond Commission.

MANAGEMENT'S RESPONSE: We will implement policies and procedures to comply with required laws and obtain State Bond Commission approval and consent prior to incurring debt.

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P O BOX 216
CHARENTON, LOUISIANA 70523
Ph# 337-923-7512 Fax# 337-923-7016

2025-008 – Publication of Written Minutes

CHAD GIANFALA
PRESIDENT
19230 HWY 182 W
JEANERETTE, LA 70544

CONDITION: The Commission failed to make timely publication of minutes of its public meetings.

JOEL AUTHEMENT
VICE PRESIDENT
P O BOX 668
CHARENTON, LA 70523

MANAGEMENT'S RESPONSE: We will implement policies and procedures to ensure that the minutes are furnished to the official journal for publication within twenty days of the meeting.

JENNY DARCE
SECRETARY-TREASURER
2018 CHITIMACHA TRAIL
BALDWIN, LA 70514

2025-009 – Late Audit Submission

CONDITION: The Commission's audit report was not completed and submitted to the Louisiana Legislative Auditor within six months of year end.

JOHNNY BURGESS
3759 CHITIMACHA TRAIL
JEANERETTE, LA 70544

MANAGEMENT'S RESPONSE: The commission will implement policies and procedures to ensure that the audit is completed and submitted in a timely manner.

CARLA A. DAVIS
261 EASY ST.
FRANKLIN, LA 70538

2025-010 – Late Audit Submission to Federal Audit Clearinghouse

CONDITION: The Commission's audit report was not completed and submitted to the Federal Clearinghouse within nine months of year end.

BENJAMIN GRIMM
293 EVES ST
JEANERETTE, LA 70544

MANAGEMENT'S RESPONSE: The commission will implement policies and procedures to ensure that the audit is completed and submitted in a timely manner.

WILLIAM P GRAY
P O BOX 545
BALDWIN, LA 70514

2025-011 – Late Audit Submission to Federal Audit Clearinghouse

CONDITION: The Commission's audit report was not completed and submitted to the Federal Clearinghouse within nine months of year end.

MANAGEMENT'S RESPONSE: See response to finding 2025-010.

This institution is an equal opportunity provider. To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider, employer, and lender.





WATER & SEWER COMMISSION #4
OF THE PARISH OF ST MARY
P O BOX 216
CHARENTON, LOUISIANA 70523
Ph# 337-923-7512 Fax# 337-923-7016

Name of contact person responsible for corrective action:

Chad Gianfala, President
Elizabeth Barronn, Office Manager

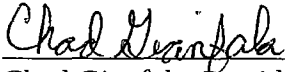
CHAD GIANFALA
PRESIDENT
19230 Hwy 182 W
JEANERETTE, LA 70544

JOEL AUTHEMENT
VICE PRESIDENT
P O BOX 668
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Anticipated completion date for the corrective action:
September 30, 2026

JENNY DARCE
SECRETARY-TREASURER
2018 CHITIMACHA TRAIL
BALDWIN, LA 70514

Sincerely,


Chad Gianfala, President

JOHNNY BURGESS
3759 CHITIMACHA TRAIL
JEANERETTE, LA 70544

CARLA A. DAVIS
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**ST. MARY PARISH WATER
AND SEWER COMMISSION NO. 4**
Statewide Agreed-Upon Procedures

Fiscal period October 1, 2024 through September 30, 2025

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

The Board of Commissioners,
St. Mary Parish Water and Sewer Commission No. 4 and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2024 through September 30, 2025. The management of the St. Mary Parish Water and Sewer Commission No. 4 (hereinafter "Commission") is responsible for those control and compliance areas identified in the SAUPs.

An agreed-upon procedures engagement involves the performing of specific procedures that the Commission has agreed to and acknowledged to be appropriate on those control and compliance areas identified in the LLA's SAUPs for the fiscal period October 1, 2024 through September 30, 2025 and report on exceptions based upon the procedures performed. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. However, 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 exceptions, if any, are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal

period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

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

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. 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 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (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. Note: If no electronic payments were

made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

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

8) Contracts

Obtained management's representation that there were no agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period.

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

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

10) Ethics

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

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

11) Debt Service

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 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 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are a) hired before June 9, 2020 – completed training; and b) hired on or after June 9, 2020 – completed training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Exceptions

Exceptions found as a result of applying the procedures listed above are as follows:

Written Policies and Procedures

1. The Commission does not have any written policies and procedures for budgeting, disbursements, receipts/collection, contracting, travel and expense reimbursements, credit cards, ethics, debt service, and information technology disaster recovery/business continuity.
2. Written policies and procedures for purchasing do not address the subcategories: (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, and (5) documentation required to be maintained for all bids and price quotes.
3. Written policies and procedures for payroll/personnel do not address the subcategory: (1) payroll processing.
4. Written policies and procedures for prevention of sexual harassment do not address the subcategories: (2) annual employee training and (3) annual reporting.

Board or Finance Committee

5. Minutes did not reference the board receiving written updates of the progress of resolving audit findings.

Bank Reconciliations

6. Four (4) of the five (5) accounts that required reconciliation did not include evidence that they were prepared within two months of the related statement closing date.
7. Four (4) of the five (5) accounts that required reconciliation did not include evidence that a member of management who does not handle cash, post ledgers, or issues checks has reviewed the reconciliation.

Collections

8. The individuals responsible for preparing/making bank deposits are also responsible for collecting cash without another individual being responsible for reconciling collection documentation to the deposit.
9. The individuals responsible for posting collection entries to the general ledger are also responsible for collecting cash without another individual being responsible for reconciling ledger postings to each other and to the deposit.
10. The individual responsible for reconciling collections to the general ledger is also responsible for collecting cash without another individual verifying the reconciliation.
11. The employees responsible for collecting cash share the registers/drawers.

Non-Payroll Disbursements

12. The employee responsible for processing payments is not prohibited from adding/modifying vendor files and no other employee is responsible for periodically reviewing changes.
13. The employee responsible for processing payments also mails the payments.
14. The five (5) electronic disbursements selected did not include evidence of approval by those persons authorized to disburse funds.

Payroll and Personnel

15. Attendance and leave records obtained for two (2) of the five (5) employees selected were not approved.
16. Employer and employee portions of third-party related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) were not paid, and any associated forms have been filed, by required deadlines.

Prevention of Sexual Harassment

17. The Commission does not have its sexual harassment policy and complaint procedure posted on its website or premises.
18. The Commission did not compile the annual sexual harassment report as required by R.S. 42:344.

Management's Response

The Commission concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by the Commission 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 provisions of *Government Auditing Standards*, issued by the United States Comptroller General. 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 control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Commission 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 control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the Commission's management and the LLA and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
August 31, 2026