AVOYELLES WATER COMMISSION

Moreauville, Louisiana

Financial Report

Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Avoyelles Water Commission
Moreauville, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the major fund of the Avoyelles Water Commission ("Commission"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Avoyelles Water Commission, as of December 31, 2025, and the respective 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the Unites 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 opinions.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- 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 judgement, there are conditions or events considered in the aggregate, which 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, 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

Management 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 opinions on the basic financial statements are not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Louisiana Legislative Auditor's Finding Template for Reporting Fraud and Misappropriations on pages 24 through 25 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exist, 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 April 30, 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

Alexandria, Louisiana
April 30, 2026

BASIC FINANCIAL STATEMENTS

AVOYELLES WATER COMMISSION
Moreauville, Louisiana

Statement of Net Position
Proprietary Fund - Enterprise Fund
December 31, 2025

ASSETS	
Current assets:	
Cash and interest-bearing deposits	$ 1,099,978
Certificates of deposit	1,383,788
Receivables, net	125,629
Prepaid items	11,553
Total current assets	2,620,948
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	41,205
Prepaid land lease	23,939
Capital assets -	
Nondepreciable	1,272,252
Depreciable, net	6,275,693
Total noncurrent assets	7,613,089
Total assets	10,234,037
LIABILITIES	
Current liabilities:	
Accounts and other payables	21,930
Accrued liabilities	2,812
Bonds payable	405,772
Accrued interest payable	9,615
Total current liabilities	440,129
Noncurrent liabilities:	
Bonds payable	7,406,695
Total liabilities	7,846,824
NET POSITION	
Net investment in capital assets	(264,522)
Restricted for debt service	31,590
Unrestricted	2,620,145
Total net position	$ 2,387,213

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

AVOYELLES WATER COMMISSION
Moreauville, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund - Enterprise Fund
For the Year Ended December 31, 2025

Operating revenues:	
Charges for services -	
Water sales and fees	$ 1,492,273
Operating expenses:	
Personnel costs	161,663
Payroll taxes	11,667
Legal and professional fees	21,328
Fuel and oil	2,806
Contracting services	2,071
Depreciation	562,817
Insurance	29,512
Repairs and maintenance	86,012
Rent and utilities	174,519
Supplies	119,176
Lease expense	303
Other	29,829
Total operating expenses	1,201,703
Operating income	290,570
Nonoperating revenues (expenses):	
Interest income	73,537
Interest expense	(197,059)
Miscellaneous income	1,696
Total nonoperating revenues (expenses)	(121,826)
Change in net position	168,744
Net position, beginning	2,218,469
Net position, ending	$ 2,387,213

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

AVOYELLES WATER COMMISSION
Moreauville, Louisiana

Statement of Cash Flows
Proprietary Fund - Enterprise Fund
For the Year Ended December 31, 2025

Cash flows from operating activities:	
Receipts from customers	$ 1,484,829
Payments to suppliers	(465,253)
Payments to employees	(174,253)
Net cash provided by operating activities	845,323
Cash flows from capital and related financing activities:	
Purchases and construction of capital assets	(980,203)
Miscellaneous income	1,696
Interest and fiscal charges paid on long-term debt	(229,538)
Principal paid on long-term debt	(360,000)
Net cash used by capital and related financing activities	(1,568,045)
Cash flows from investing activities:	
Interest received	73,537
Proceeds from interest-bearing deposits with maturity in excess of ninety days	2,398,859
Purchase of interest-bearing deposits with maturity in excess of ninety days	(1,383,788)
Net cash provided by investing activities	1,088,608
Net increase in cash and interest-bearing deposits	365,886
Cash and interest-bearing deposits, beginning of period	775,297
Cash and interest-bearing deposits, end of period	$ 1,141,183
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 290,570
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	562,817
Changes in assets and liabilities:	
Increase in accounts receivable	(7,444)
Decrease in prepaid expenses	303
Increase in accrued liabilities	(923)
Net cash provided by operating activities	$ 845,323

(continued)

AVOYELLES WATER COMMISSION
Moreauville, Louisiana

Statement of Cash Flows
Proprietary Fund - Enterprise Fund
For the Year Ended December 31, 2025

Reconciliation of cash and interest-bearing deposits per statement of cash flows to the statement of net position:	
Cash and interest-bearing deposits, beginning of period -	
Cash and interest-bearing deposits - unrestricted	$ 694,738
Cash and interest-bearing deposits - restricted	80,559
Total cash and interest-bearing deposits, beginning of period	775,297
Cash and interest-bearing deposits, end of period -	
Cash and interest-bearing deposits - unrestricted	1,099,978
Cash and interest-bearing deposits - restricted	41,205
Total cash and interest-bearing deposits, end of period	1,141,183
Net change in cash and interest-bearing deposits	$ 365,886

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

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Avoyelles Water Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Commission's accounting policies are described below.

A. Financial Reporting Entity

The Avoyelles Water Commission was created under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing potable drinking water to three municipalities and began operations in 2007. The Commission was created by an intergovernmental agreement formed between the Village of Moreauville, Avoyelles Ward Three Waterworks District, and the City of Marksville. The Commission is governed by a board of directors composed of three members. One member is appointed by each of the following governmental entities: The Village of Moreauville, Avoyelles Ward Three Waterworks District, and the City of Marksville. Each commissioner serves until replaced by the entity that he or she represents.

B. Basis of Presentation

Fund Financial Statements

The accounts of the Commission are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Commission.

Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Commission maintains only one fund and it is described below:

Proprietary Fund –

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary fund maintained by the Commission is the Enterprise Fund.

Enterprise Fund –

The Enterprise Fund is used to report activities for which a fee is charged to external users. This fund accounts 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 will 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 net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

The enterprise fund utilizes an "economic resources" measurement focus. The 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 statements are presented using 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. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 *"Accounting and Financial Reporting for Nonexchange Transactions"*.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits.

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

Receivables

Receivables consist of all revenues earned at year-end but not yet received. The Enterprise fund reports customers' utility service receivables as its major receivable. These receivables are reported net of an allowance for doubtful accounts, if any. Management has determined that all receivables are considered collectable and therefore no allowance is established at December 31, 2025.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid items at December 31, 2025.

Restricted Assets

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

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at acquisition cost or estimated cost if acquisition is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Commission maintains a threshold level of $1,000 for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Total interest expense incurred by the Commission during the year was $229,538, none of which was capitalized.

Depreciation of all exhaustible capital assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives are as follows:

Buildings and distribution system	30-40 years
Equipment	7-10 years

Compensated Absences

The Commission has no set policy for accumulated vacation, sick pay, or other benefits. The Commission currently employs four part-time individuals who do not accumulate any vacation or sick leave; therefore, no liability exists for compensated absences at December 31, 2025.

Long-term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities in the financial statements. Long-term debt consists primarily of bonds payable at December 31, 2025.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/ expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

Equity Classifications

In the proprietary fund, equity is classified as net position and displayed in three components as follows:

a. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, laws, or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation.

c. Unrestricted net position consists of all other net assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the Commission’s policy to use restricted amounts first when both restricted and unrestricted net position is available unless prohibited by legal or contractual provisions.

E. Revenue and Expenses

Operating and Nonoperating Revenues and Expenses

In the proprietary fund, operating revenues are those revenues produced as a result of producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

The principal operating revenues of the Commission's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Expenses

Expenses are classified by function for business-type activities and are further classified as operating and nonoperating.

F. Revenue Restrictions

The Commission has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Water sales	Debt service, operations, other lawful corporate purposes

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, deferred outflows, liabilities, and deferred inflows 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. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects or revisions are reflected in the financial statements in the period they are determined to be necessary. 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.

These deposits are recorded at cost, which approximates market. 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 will not be able to recover the collateral securities that are in the possession of an outside party.

The Commission does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposits balance (bank balances) at December 31, 2025, and the related federal insurance and pledged securities:

Bank balances	$ 2,527,098
Insured	$ 580,559
Uninsured and collateral held by pledging bank not in the Commission's name	1,946,539
Total	$ 2,527,098

(3) Accounts Receivable

Receivables in the amount of $125,629 were related to charges for services and are considered collectable by management at December 31, 2025.

(4) Restricted Assets

Restricted assets consist of cash and interest-bearing deposits totaling $41,205 held in the Debt Service Fund account at December 31, 2025.

(5) Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Capital assets not being depreciated:				
Land	$ 10,000	$ -	$ -	$ 10,000
Construction in progress	497,525	599,595	-	1,097,120
Right of ways	165,132	-	-	165,132
Total capital assets not being depreciated	672,657	599,595	-	1,272,252
Capital assets being depreciated:				
Buildings	141,688	-	-	141,688
Equipment	625,221	7,108	-	632,329
Distribution system	14,523,222	-	-	14,523,222
Total capital assets being depreciated	15,290,131	7,108	-	15,297,239
Less accumulated depreciation				
Buildings	21,631	7,563	-	29,194
Equipment	500,716	50,401	-	551,117
Distribution system	7,936,382	504,853	-	8,441,235
Total accumulated depreciation	8,458,729	562,817	-	9,021,546
Total capital assets being depreciated, net	6,831,402	(555,709)	-	6,275,693
Capital assets, net	$ 7,504,059	$ 43,886	$ -	$ 7,547,945

Depreciation expense of $562,817 was charged to business-type activities.

(6) Capital Assets and Related Debt

The Avoyelles Water Commission (AWC) is reporting a negative investment in capital assets of $264,522 at December 31, 2025 because outstanding debt used to acquire assets exceeds their net book value (historical costs less accumulated depreciation). Depreciable capital assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives. The negative investment indicates that AWC's debt obligations related to capital assets exceed the carrying value of those assets. Management expects to meet future debt service requirements with future operating revenues and other financing sources.

(7) Changes in Long-Term Debt

The following is a summary of debt transactions of the Commission for the year ended December 31, 2025:

	Balance Beginning	Additions	Payments	Balance Ending	Due Within One Year
Direct Placements:					
Water Revenue					
Refunding Bonds,					
Series 2020	$7,810,000	$ -	$ (360,000)	$ 7,450,000	$ 370,000

	Balance Beginning	Additions	Payments	Balance Ending	Due Within One Year
Unamoritzed,					
Bond premium	416,163	-	(32,004)	384,159	35,772
Bond discount	(21,692)	-	-	(21,692)	-
	$8,204,471	$ -	$ (392,004)	$ 7,812,467	$ 405,772

The Water Revenue Refunding Bonds, Series 2020 issued in February 2020 are due in annual payments of $260,000 to $530,000 through December 31, 2044, bearing annual interest at 2.63% to 3.00%, and are secured by water revenues. The bond agreement requires the Commission to maintain customer utility rates to provide net revenues equal to or greater than 115% of the principal and interest obligated to be paid in the current fiscal year. Failure to make punctual principal and interest payments, to perform or observe any other of the bond covenants, agreements, or conditions for a period of thirty (30) days after receiving written notice and/or filing a petition or otherwise seeking relief under any federal or state bankruptcy law or similar law are considered events of default. Upon the happening and continuance of an event of default bondholders are entitled to exercise all rights and powers for which provision is made under Louisiana law. However, under no circumstances may the payment of principal or interest of any of the bonds be accelerated under the bond agreement.

The annual requirements to amortize all debt outstanding at December 31, 2025 is as follows:

Year ending,	Direct Placement Debt				
December 31,	Principal	Premium	Discount	Interest	Total
2026	$ 370,000	$ 35,772	-	$ 218,738	$ 624,510
2027	380,000	38,885	-	207,638	626,523
2028	395,000	37,379	-	196,238	628,617
2029	405,000	35,235	-	184,388	624,623
2030	415,000	32,963	-	172,238	620,201
2031-2035	2,285,000	121,996	-	665,890	3,072,886
2036-2040	2,175,000	81,929	(4,339)	306,480	2,559,070
2041-2044	1,025,000	-	(17,353)	67,724	1,075,371
Total	$ 7,450,000	$ 384,159	$ (21,692)	$2,019,334	$ 9,831,801

(8) Flow of Funds: Restrictions of Use – Water Revenues

Revenues derived from water sales are partially pledged to retire the Water Revenue Refunding Bonds, Series 2020 (Bonds). The bond resolution adopted by the Commission requires the establishment and maintenance of the Series 2020 Debt Service Fund account. The money in the account is to be held separately apart from all other funds of the Commission by the paying agent to pay promptly and fully the principal of and interest on the Bonds and any additional parity bonds issued hereafter.

On or before the fifth (5^{th}) day of each month one sixth ($1/6^{th}$) of the interest falling due on the next interest payment date as well as one twelfth ($1/12^{th}$) of the principal falling due on the next principal payment date of the Bonds and any additional parity bonds, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due, shall be transferred to the debt service fund account.

(9) Compensation of Board Members

A detail of the compensation paid to commission officials for the year ending December 31, 2025 follows:

President:	
Penn Lemoine	$ 4,900
Board Members:	
John Lemoine	1,400
Donald Milligan	1,400
	$ 7,700

The President is considered the agency head. The Commission did not pay any benefits on his behalf, except for the amount disclosed above, for the year ended December 31, 2025.

(10) Economic Dependency

The Commission sells potable water to one privately owned and three governmentally owned water utilities. Should the Commission lose any of these water utilities as customers, its ability to continue operating and servicing its outstanding debt could be threatened.

(11) Risk Management

The Commission is exposed to risks of loss in the areas of damage to and destruction of assets, injuries to employees and natural disasters. These risks of loss are managed by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(12) Litigation and Claims

Subsequent to December 31, 2025, the Commission became a defendant in pending litigation. While damages are being alleged, the outcome of this litigation is not predictable with certainty at December 31, 2025.

OTHER SUPPLEMENTARY INFORMATION

OTHER INFORMATION

Louisiana Legislative Auditor's Finding Template for Reporting Fraud and Misappropriations

AGENCY NAME: AVOYELLES WATER COMMISSION
FISCAL YEAR END: DECEMBER 31, 2025

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing fraud or misappropriation that occurred.	The Avoyelles Water Commission (Commission) business manager authorized a third-party vendor to install their local QuickBooks database on a "secure server". Subsequently, the vendor demanded ongoing fees to provide access to the Commission's financial data.
2	A description of the funds or assets that were the subject of fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Water sales receipts.
3	The amount of funds or approximate value of assets involved.	$21,270
4	The department or office in which fraud or misappropriation occurred.	Avoyelles Water Commission Office
5	The period of time over which fraud or misappropriation occurred.	FY 2024 $5,200 FY 2025 $16,070
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	The Commission is unaware of the real name of the fraudulent company. The disbursement checks were made payable to QBO.
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	The actual name of the fraudulent company is unknown. No charges have been brought against the fraudulent company.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	N/A
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	N/A
10	Has the agency notified the appropriate law enforcement body about fraud or misappropriation?	The Commission notified the bank that the checks were fraudulent and filed a claim to recover the funds.
11	What is the status of the investigation at the date of the auditor's/accountant's report?	The investigation is continuing as of the date of this report. The bank stated that it could take 6 months to recover the funds if they are recoverable at all.

Louisiana Legislative Auditor's Finding Template for Reporting
Fraud and Misappropriations

AGENCY NAME: AVOYELLES WATER COMMISSION
FISCAL YEAR END: DECEMBER 31, 2025

12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	N/A
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	N/A
14	Has restitution been made or has an insurance claim been filed?	No
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	No
16	Did the agency's internal controls allow the detection of fraud or misappropriation in a timely manner?	No
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	The Commission relied solely upon vendor representations without performing adequate independent verification of vendor legitimacy, licensing authenticity, and business credentials prior to granting access to its computer system.
18	Management's plan to ensure that fraud or misappropriation does not occur in the future	A reputable local third-party information technology consultant has been engaged to assess any computer system compromises and provide computer systems support services going forward. The Commission also plans to bring all new vendors to the board for approval before processing payments.

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

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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
Avoyelles Water Commission
Moreauville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and major fund of the Avoyelles Water Commission ("Commission"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated April 30, 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 opinions 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2025-001, 2025-002 and 2025-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2025-004.

The Avoyelles Water 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 schedule of current and prior year audit findings and management's corrective action plan. The Commission's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
April 30, 2026

AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2025

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2025-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2012

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The Commission's internal control over financial reporting includes 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, including the ability of management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

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.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receives annual training related to their job duties and we carefully review the financial statements, related notes, and all proposed adjustments. All questions are adequately addressed by our auditors, which allows us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2025

2025-002 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Avoyelles Water Commission did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

> "Internal control is a process, affected 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."

CAUSE: The cause of the condition is the fact that Commission does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

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: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Commission concurs with the audit findings. Due to the size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are made to segregate duties where feasible. In an effort to establish more sound controls the Board of Commissioners monitors activity and account balances in all funds.

AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2025

2025-003 Vendor Verification and IT Authorization Controls

Fiscal year finding initially occurred: 2025

CONDITION: The Commission lacked adequate internal controls over vendor verification, procurement authorization, and information technology system changes. These deficiencies allowed payments to a fraudulent vendor and installation of unauthorized software without independent validation or supervisory IT oversight.

CRITERIA: *Government Auditing Standards* define internal control as a process designed to provide reasonable assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Effective internal controls over disbursements and IT systems should include independent verification of vendor legitimacy, and formal approval of system modifications by authorized personnel.

CAUSE: The Commission does not have formalized written procedures requiring vendor due diligence, review of new vendors before payment, and authorization from board for technology-related expenditures. Limited staffing and reliance on vendor representations contributed to the breakdown.

EFFECT: The control deficiency resulted in financial loss of public funds, increased risk of additional fraudulent payments, exposure to cybersecurity and data integrity risks and reputational risk to the Commission.

RECOMMENDATION: Management should establish a formal vendor onboarding process requiring independent confirmation of vendor legitimacy. Additionally, management should require approval before software installation occurs.

MANAGEMENT CORRECTIVE ACTION PLAN: Management agrees with the finding and agrees to implement written procedures requiring independent verification of vendors, review of procurement authorizations as well as technology system changes. In addition, a reputable third-party computer support provider will be hired to monitor and maintain the Commission's computer network. While staffing limitations prevent full segregation of duties, compensating controls such as dual approval of certain disbursements, periodic vendor master file review, and board-level bank statement oversight have been implemented to strengthen the control environment and reduce the risk of future fraud.

B. Compliance and Other Matters

2025-004 Misappropriation of Public Funds Reporting

Fiscal year finding initially occurred: 2025

CONDITION: During performance of our audit procedures, it was discovered that management remitted payments to a fraudulent software support vendor. The vendor misrepresented themselves as a legitimate software support provider and installed counterfeit or unauthorized software on the Commission's computer network. Management was unaware of the fraudulent nature of the vendor at the time payment was authorized and processed.

CRITERIA: Pursuant to Louisiana Revised Statutes 24:523, the agency head of an auditee who has reasonable cause to believe that the misappropriation of public funds or assets has occurred is required to immediately notify, in writing, the Louisiana Legislative Auditor and the district attorney of the parish in which the entity is domiciled. Misappropriation includes theft, fraud, or misuse of public funds, regardless of whether the entity knowingly participated in the fraudulent activity.

CAUSE: Management relied solely upon vendor representations without performing adequate independent verification of vendor legitimacy, licensing authenticity, and business credentials prior to granting access to its computer network.

EFFECT: Public funds were expended for services that were fraudulent and of no legitimate value. The total known loss is $ 16,070 in FY 2025 and $ 5,200 in FY 2024. Additionally, the Commission may have been exposed to cybersecurity risk and operational disruption due to installation of unauthorized software on its computer network. Failure to report the matter in accordance with Louisiana law may result in noncompliance with statutory reporting requirements.

RECOMMENDATION: Management should immediately ensure compliance with reporting requirements under R.S. 24:523, consult with legal counsel and law enforcement regarding potential recovery of funds, conduct a cybersecurity assessment to determine whether system compromise occurred, implement formal vendor verification and approval procedures prior to payment for services and strengthen internal controls over purchasing and IT system changes.

MANAGEMENT CORRECTIVE ACTION PLAN: Management acknowledges that public funds were paid to a fraudulent vendor and recognizes this constitutes misappropriation of public funds under Louisiana Revised Statutes 24:523. The Commission will provide written notification to the Louisiana Legislative Auditor and the Twelfth Judicial District Attorney. A formal dispute has been filed with the Commission's bank in an effort to recover the funds. Management is consulting with legal counsel and cooperating with law enforcement. Additionally, a third-party IT consultant has been engaged to assess any system compromises and to provide computer support services going forward.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2024-001 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

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.

CURRENT STATUS: Unresolved. See item 2025-001.

2024-002 Inadequate Segregation of Functions

CONDITION: The Avoyelles Water Commission did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2025-002.

Avoyelles Water Commission
Moreauville, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period January 1, 2025 through December 31, 2025

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of the
Avoyelles Water Commission and the
Louisiana Legislative Auditor

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

The Avoyelles Water Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

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

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

iv) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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(s) rate 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, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (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. Obtained and inspected 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, we reviewed 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 reference or included monthly budget-to-actual comparisons, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

   iii) For governmental entities, obtained 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 unrestricted 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. Obtained a listing of entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observe that:

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

   ii) Bank reconciliations included evidence that a member of management/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 that 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. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).

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

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

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

   iii) Each employee responsible for collecting cash is not 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.

   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 are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

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

D. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained 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) Traced 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) Traced the actual deposit per the bank statement to the general ledger.

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

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

B. For each location selected under #5A above, obtained a list of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired 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/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.

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

C. For each location selected under #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained 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 deliverables included on the invoice were received by the entity.

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

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved only by 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/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:

   i) Observe that 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

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

C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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

A. Obtained 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 selected 5 reimbursements, obtained 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 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.)

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

8) Contracts

A. Obtained 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

ii) Observe 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, that approval was documented).

iv) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

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

i) Observe all selected employees/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 any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

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

C. Obtained 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 selected two employees or officials obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.

D. Obtained 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

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtained ethics documentation from management, and:

i) Observe documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

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

11) Debt Service

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

B. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed 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

A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained 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 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

Performed the following procedures, **verbally discussed the results with management, and report "We performed the procedures and discussed the results with management."**

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

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

C. Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observe while management demonstrated 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 selected 5 terminated employees (or all 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. 42:126728. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and

• Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained 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. Obtained 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 actions.

   v) The amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of applying procedures listed above except:

Written Policies:

Avoyelles Water Commission did not have written policies and procedures addressing the following:

- ***Ethics:*** the prohibitions as defined in Louisiana Revised Statute 42:1111-1121 and the requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

- ***Sexual Harassment:*** No policy noting the requirement of annual reporting of sexual harassment claims.

Board or Finance Committee:

No exceptions found

Bank Reconciliations:

No exceptions found

Collections:

The employee responsible for collecting cash is also responsible for preparing, making, and recording the deposit in the general ledger as well as reconciling the bank statements.

Non-payroll Disbursements:

For five of five transactions tested, there was no evidence that two employees were involved in making a purchase with purchase orders.

The employee responsible for processing payments is not prohibited from adding or modifying vendor files.

The employees responsible for signing checks do not mail the checks or give them to an employee who is not responsible for processing payments to mail.

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

A finance charge was assessed on the statement that was observed

Four of the seven transactions tested did not have supporting documentation for purchases made.

Travel and Expense Reimbursement:

No exceptions found

Contracts:

No exceptions found

Payroll and Personnel:

No exceptions found

Ethics:

No exceptions found

Debt Service:

No exceptions found

Fraud Notice:

The Avoyelles Water Commission was the victim of a technical support impersonation scam resulting in a misappropriation of public funds during the fiscal year. This misappropriation was not reported to the legislative auditor or the local district attorney as required by R.S. 24:523.

Information Technology Disaster Recovery/ Business Continuity:

We performed the procedures and discussed the results with management

Prevention of Sexual Harassment:

The Avoyelles Water Commission did not prepare an annual sexual harassment report for the current fiscal year.

Management's Response:

The management of Avoyelles Water Commission concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by Avoyelles Water 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 standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Avoyelles Water Commission to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
April 30, 2026