SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

REPORT ON AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS

DECEMBER 31, 2025

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH
HAMMOND, LOUISIANA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board Members of
Sewerage District No. 1 of Tangipahoa Parish
Hammond, Louisiana

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Sewerage District No. 1 of Tangipahoa Parish 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 (GAAS) and the standards applicable to financial audits contained in *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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 GAAS, 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 Sewerage District No. 1 of Tangipahoa Parish's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Sewerage District No. 1 of Tangipahoa Parish's December 31, 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 30, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 10 and the information presented in the schedule of proportionate share of the net pension liability (Schedule 1) and the schedule of contributions (Schedule 2) on pages 36 through 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents as Schedules 3 through 7 is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards (Schedule 8), is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

Schedules 3 through 8 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 3 through 8 are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sewerage District No. 1 of Tangipahoa Parish's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 24, 2026

Sewerage District No. 1 of Tangipahoa Parish
Hammond, Louisiana
Management's Discussion and Analysis
December 31, 2025

Introduction

The Sewerage District No. 1 of Tangipahoa Parish (the District)) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards more fully described in the financial statement footnotes as *Note 1 – Summary of Significant Accounting Policies.*

The District's Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements and the accompanying financial statement footnotes.

Financial Highlights

- At December 31, 2025, total assets and deferred outflows of resources were $31,424,046 and exceeded liabilities and deferred inflows of resources in the amount of $18,032,883 (i.e., net position). Of the total net position, $4,367,981 was unrestricted, with $13,546,829 net investment in capital assets, and the balance of $118,073 restricted for capital activity and debt service. Total net position increased by $980,216.

- For the year ended December 31, 2025, sewer service revenues increased by $135,404 (approximately 3%) to $3,866,277 as compared to $3,730,873 for the fiscal year ending December 31, 2024.

- The District's operating expenses, consisting of those expenses resulting from the District's ongoing operations increased by $751,103 or 21%. The major component of the change was an increase in depreciation of $181,837, an increase in employee benefits of $131,826, an increase in salaries and wages of $97,649, an increase in utilities of $89,587, an increase in professional fees of $82,587, an increase in supplies expense of $58,242, an increase in repairs and maintenance of $53,886, and an increase in lift station and plant maintenance expenses of $46,579.

- Total long term debt decreased by $342,798 during the fiscal year ending December 31, 2025 as a result of paying down debt by $342,798, as discussed further in Note 9.

Overview of the Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of Sewerage District No. 1 of Tangipahoa Parish's financial condition and performance.

The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position provides information about the nature and amount of the District's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Position, accounts for the revenues and expenses for the fiscal year, and provides information on how net position changed during the year. This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule, key information schedules on operation of the District, and schedules detailing audit findings and management response, as well as required reports for Single Audit disclosure, if applicable.

Financial Analysis

The purpose of financial analysis is to help determine whether Sewerage District No. 1 of Tangipahoa Parish is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position, are presented below in condensed format. These statements report the net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, and the change in net position, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Condensed Statement of Net Position
As of December 31, 2025 and 2024

	2025	2024	Dollar Change	Percentage Change
Assets:				
Current Assets and Other Assets	$ 4,831,165	$ 6,124,674	$(1,293,509)	(21%)
Capital Assets	26,592,881	24,554,066	2,038,815	8%
Total Assets	31,424,046	30,678,740	745,306	2%
Total Deferred Outflows of Resources	160,967	281,220	(120,253)	(43%)
Liabilities:				
Current Liabilities	447,772	436,016	11,756	03%
Long-Term Liabilities	13,010,678	13,430,615	(419,937)	(3%)
Total Liabilities	13,458,450	13,866,631	(408,181)	(3%)
Total Deferred Inflows of Resources	93,680	40,662	53,018	130%
Net Position:				
Net Investment in Capital Assets	13,546,829	11,739,679	1,807,150	15%
Restricted for Capital Activity and Debt Service	118,073	104,876	13,197	13%
Unrestricted	4,367,981	5,208,112	(840,131)	(16%)
Total Net Position	$ 18,032,883	$ 17,052,667	$ 980,216	6%

Current and Other Assets includes current assets for operations, restricted assets, and other assets. The increase in this category consists primarily of an increase in Due from Other Governments because of federal grant funds used for sewer system improvements.

Capital Assets increased by $2,038,815 net of accumulated depreciation, largely as a result of the increase related to sewer system improvements.

Total Liabilities decreased by $408,181 primarily due to decreases in net pension liability of $90,024 and in bonds payable of $347,839.

Total Deferred Outflows of Resources decreased by $120,253 due to adjustments related to pension plan activity.

Total Deferred Inflows of Resources increased by $53,018 due to adjustments related to pension plan activity.

Total net position (total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources) increased by $980,216 for the fiscal year ending December 31, 2025. The largest change was an increase of $1,807,150 in net investment in capital assets due to several construction-in-progress projects becoming complete and placed into service in the current year.

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2025 and 2024

	2025	2024	Dollar Change	Percentage Change
Revenues:				
Operating Revenues	$ 4,145,161	$ 4,060,717	$ 84,444	2%
Nonoperating Revenues	1,567,120	3,153,874	(1,586,754)	(50%)
Total Revenues	5,712,281	7,214,591	(1,502,310)	(21%)
Expenses:				
Depreciation	892,207	710,370	181,837	26%
Other Operating Expenses	3,377,605	2,808,339	569,266	20%
Nonoperating Expenses	462,253	475,015	(12,762)	(3%)
Total Expenses	4,732,065	3,993,724	738,341	18%
Change in Net Position	980,216	3,220,867	(2,240,651)	(70%)
Beginning Net Position	17,052,667	13,831,800	3,220,867	23%
Ending Net Position	$ 18,032,883	$ 17,052,667	$ 980,216	6%

While the Statement of Net Position shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers to the nature and scope of these changes. The above table shows an increase in net position of $980,216 for the fiscal year ending December 31, 2025 as does the Condensed Statements of Net Position on the prior page.

The District's total revenues decreased by $1,502,310 in 2025 after a $1,067,850 increase in 2024. This was due primarily to decreases in non-operating revenues related to federal grants in the amount of $1,473,637 and a decrease in interest income of $111,583. Operating revenues remained consistent with the prior year with a slight increase in sewer service revenues of $135,404 and an increase in connection fees of $14,766. These increases were partially offset by a decrease in sewer capacity fees of $56,773 and a decrease in other fees of $8,953 compared to 2024.

The District's operating expenses, consisting of those expenses resulting from the District's ongoing operations increased by $751,103 or 21%. The major components of the change was an increase in depreciation of $181,837, an increase in employee benefits of $131,837, an increase in salaries and wages of $97,649, an increase in utilities of $89,587, an increase in professional fees of $82,312, an increase in supplies expense of $58,242, an increase in repairs and maintenance of $53,886, and an increase in lift station and plant maintenance expenses of $46,579.

Budgetary Highlights

Sewerage District No. 1 of Tangipahoa Parish adopts an annual operating budget in accordance with requirements of the United States Department of Agriculture, Rural Utilities Service. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual financial reports. A summary of the approved budget is presented below in condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in the "Budgetary Comparison Schedule", as supplementary information, following the footnotes to the financial statements.

Condensed Statement of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2025

	Original Budget December 31, 2025	Final Budget December 31, 2025	Actual December 31, 2025	Favorable (Unfavorable) Variance
Revenues:				
Operating Revenues	$ 3,867,714	$ 4,117,000	$ 4,145,161	$ 28,161
Nonoperating Revenues	250,000	2,025,901	1,567,120	(458,781)
Total Revenues	4,117,714	6,142,901	5,712,281	(430,620)
Expenses:				
Depreciation	278,500	255,000	892,207	(637,207)
Other Operating Expenses	2,998,478	6,034,275	3,377,605	2,656,670
Nonoperating Expenses	400,000	500,000	462,253	37,747
Total Expenses	3,676,978	6,789,275	4,732,065	2,057,210
Change in Net Position	$ 440,736	$ (646,374)	$ 980,216	$ 1,626,590

- Actual revenues for the fiscal year ended December 31, 2025 showed a decrease of $430,620 over final budgeted revenues. The greatest differences coming from a decrease of $458,781 in the amount of non-operating revenues primarily related to federal grants collected over what was budgeted.
- Actual expenses, including depreciation, showed a favorable variance to the final budget in the amount of $2,057,210. The favorable variance is primarily in the following operating expense categories:
    - Lift Station and Plant Maintenance was under budget by $2,642,095.
    - Engineering and Surveyor fees were under budget by $197,000.
    - Depreciation expense was over budget by $637,207.
    - Supplies were over budget by $42,623.
    - Utilities were over budget by $39,465.
    - Professional fees were over budget by $36,840.
    - Insurance expense was over budget by $24,002.

Other Significant Trends and Account Changes

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the District. This is followed by an analysis of any significant account changes, not included within other sections of the Management's Discussion and Analysis
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General Operating Data

As of December 31, 2025 and 2024, the District had the following number of customers:

	December 31, 2025	December 31, 2024	Increase (Decrease)
Customers			
Residential	7,299	7,004	295
Nonresidential	114	106	8
Total Customers	7,413	7,110	303

One key measure of a sewer district's profitability, and the ability to generate positive cash flows, is the ability of the sewer system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ended December 31, 2025 and 2024.

Accounts Receivable
For the Years Ended December 31, 2025 and 2024

	2025	2024	Increase (Decrease)
Accounts Receivable			
Current	$ 302,351	$ 317,959	$ (15,608)
31-60 Days Past Due	25,749	53,539	(27,790)
61-90 Days Past Due	24,569	10,798	13,771
Over 90 Days Past Due	-	65,801	(65,801)
Subtotal	352,669	448,097	(95,428)
Allowance for Uncollectible Accounts	(3,000)	(3,000)	-
Net Accounts Receivable	$ 349,669	$ 445,097	$ (95,428)

Total receivables for sewer service decreased by $95,428. The total of $3,000 listed as allowance for uncollectible accounts reflects an amount considered adequate for past due accounts referred for collection.

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year ending December 31, 2025, Sewerage District No. 1 of Tangipahoa Parish had $26,592,881 (net of accumulated depreciation) recorded in capital assets. The changes in capital assets are presented in the table below.

Capital Assets
For the Years Ended December 31, 2025 and 2024

	2025	2024	Increase (Decrease)	Percentage Change
Capital Assets				
Land	$ 424,908	$ 424,908	$ -	0%
Construction in Progress	97,391	2,269,814	(2,172,423)	(96%)
Buildings	621,972	338,752	283,220	84%
Machinery and Equipment	1,433,867	1,158,703	275,164	24%
Vehicles	368,913	269,915	98,998	37%
Sewer Systems	31,338,481	26,892,418	4,446,063	17%
Total Capital Assets	34,285,532	31,354,510	2,931,022	9%
Less: Accumulated Depreciation	(7,692,651)	(6,800,444)	(892,207)	13%
Net Capital Assets	$26,592,881	$24,554,066	$2,038,815	8%

Capital Assets increased by $2,038,815 net of accumulated depreciation, largely as a result of an increase in construction projects (Northwest Regional, Water Sector Round 2 Improvements, Airport Road Lift Station and Force Main Improvements, and The Haven Liftstation and Force Main Improvements) becoming complete during the year while also adding additions in machinery and equipment, buildings, and vehicles during the current year.

Long-Term Debt Offerings

The primary source of long-term financing for Sewerage District No. 1 of Tangipahoa Parish is through the issuance of revenue bonds. Interim financing, pending completion of construction, is generally financed by private financial institutions, or through the issuance of revenue bonds. Interest rates for long-term debt at December 31, 2025, range from 2.00% to 4.00%, with initial payment terms for bonds generally at 30 years. Details including balances, payments, and interest rates are included in Note 9 - Long-Term Debt.

Future Economic Plans

The District continues to grow to match population increases and commercial growth in Tangipahoa Parish. With this continued growth, the District must develop plans not only to meet the needs of its existing citizens but must continually plan for the future. In this process the District must continually review its financial structure to ensure a continuity of services, while reviewing options for financing capital projects that meet health and environmental standards and encourage planned development.

Requests for Information

This financial report is designed to provide a general overview of Sewerage District No. 1 of Tangipahoa Parish's finances and to demonstrate the District's accountability. If you have questions regarding this report or need additional information, contact the District at 15485 W. Club Deluxe Road, Hammond, LA 70403. The phone number for the District is 985-542-8877.

Statement A

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025	2024
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 3,971,021	$ 4,704,773
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of $3,000)	349,669	445,097
Due from Other Governments	-	480,893
Due from Bank	-	123,882
Other Receivables	4,841	-
Restricted Assets:		
Cash and Cash Equivalents	234,264	222,829
Prepaid Items	167,228	147,200
Total Current Assets	4,727,023	6,124,674
Capital Assets:		
Land	424,908	424,908
Construction in Progress	97,391	2,269,814
Other Capital Assets, at Cost (Net of Accumulated Depreciation)	26,070,582	21,859,344
Total Capital Assets	26,592,881	24,554,066
Net Pension Asset	104,142	-
Total Non-Current Assets	26,697,023	24,554,066
Total Assets	31,424,046	30,678,740
Deferred Outflows of Resources		
Deferred Outflows - Related to Pensions	160,967	281,220
Total Deferred Outflows of Resources	160,967	281,220
Liabilities		
Current Liabilities - Payable from Current Assets:		
Accounts Payable	233,373	237,150
Compensated Absences Payable - Short-Term	45,898	58,596
Other Accrued Payables	52,310	22,317
Accrued Interest on Bonds Payable	116,191	117,953
Total Current Liabilities - Payable from Current Assets	447,772	436,016
Current Liabilities - Payable from Restricted Assets:		
Bonds Payable - Current Portion	347,839	342,798
Total Current Liabilities - Payable from Restricted Assets	347,839	342,798
Noncurrent Liabilities:		
Bonds Payable	12,615,052	12,962,891
Compensated Absences Payable - Long-Term	47,787	34,902
Net Pension Liability	-	90,024
Total Long-Term Liabilities	12,662,839	13,087,817
Total Liabilities	13,458,450	13,866,631
Deferred Inflows of Resources		
Deferred Inflows - Related to Pensions	93,680	40,662
Total Deferred Inflows of Resources	93,680	40,662
Net Position		
Net Investment in Capital Assets	13,546,829	11,739,679
Restricted for:		
Capital Projects and Debt Service	118,073	104,876
Unrestricted	4,367,981	5,208,112
Total Net Position	$ 18,032,883	$ 17,052,667

The accompanying notes are an integral part of this statement.

Statement B

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025	2024
Operating Revenues:		
Sewer Service Revenues	$ 3,866,277	$ 3,730,873
Sewer Capacity Fees	143,662	200,435
Connection Fees	117,908	103,142
Other	17,314	26,267
Total Operating Revenues	4,145,161	4,060,717
Operating Expenses:		
Salaries and Wages	912,958	815,309
Employee Benefits	355,414	223,588
Bad Debts	-	2,535
Billing Costs	185,202	171,678
Depreciation	892,207	710,370
Director's and Recording Secretary Expense	8,058	8,315
Engineering and Surveyor Fees	3,750	1,850
Insurance	231,502	223,352
Lift Station and Plant Maintenance	400,605	354,026
Other	74,986	82,353
Professional Fees	258,490	176,178
Rentals	36,917	45,130
Repairs and Maintenance	154,770	100,884
Supplies	197,923	139,681
Utilities	492,465	402,878
Vehicle Expenses	64,565	60,582
Total Operating Expenses	4,269,812	3,518,709
Operating Income (Loss)	(124,651)	542,008
Nonoperating Revenues (Expenses):		
Dividend Income	11,832	13,366
Interest Income	193,816	305,399
Interest Expense	(462,253)	(475,015)
Intergovernmental Revenue	1,361,472	2,835,109
Total Nonoperating Revenues (Expenses)	1,104,867	2,678,859
Change in Net Position	980,216	3,220,867
Net Position - Beginning of Year	17,052,667	13,831,800
Net Position - End of Year	$ 18,032,883	$ 17,052,667

The accompanying notes are an integral part of this statement.

Statement C

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025	2024
Cash Flows From Operating Activities:		
Cash Received from Customers	$ 4,342,316	$ 3,831,522
Cash Payments to Suppliers for Goods and Services	(2,133,038)	(2,612,593)
Cash Payments to Employees for Services and Benefits	(1,259,087)	(1,098,559)
Other Receipts	1,859,679	3,934,329
Net Cash Provided by Operating Activities	2,809,870	4,054,699
Cash Flows From Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(2,931,022)	(4,648,467)
Principal Repayment on Long Term Debt	(335,000)	(225,000)
Interest Expense Paid on Long Term Debt	(471,813)	(478,564)
Net Cash Used in Capital and Related Financing Activities	(3,737,835)	(5,352,031)
Cash Flows From Investing Activities:		
Dividend Income Received	11,832	13,366
Interest Income Received	193,816	305,399
Net Cash Provided by Investing Activities	205,648	318,765
Net Decrease in Cash and Cash Equivalents	(722,317)	(978,567)
Cash and Cash Equivalents, Beginning of Year	4,927,602	5,906,169
Cash and Cash Equivalents, End of Year	$ 4,205,285	$ 4,927,602
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	$ 3,971,021	$ 4,704,773
Cash and Cash Equivalents, Restricted	234,264	222,829
Total Cash and Cash Equivalents	$ 4,205,285	$ 4,927,602

(CONTINUED)

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025	2024
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$ (124,651)	$ 542,008
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	892,207	710,370
Provision for Bad Debt	-	2,535
Intergovernmental Revenue	1,361,472	2,835,109
Pension Expense Adjustment	(20,895)	(63,531)
Changes in Assets and Liabilities:		
(Increase) Decrease in Due from Other Governments	480,893	1,072,953
(Increase) Decrease in Other Receivables	119,041	(123,882)
(Increase) Decrease in Accounts Receivable	95,428	(76,511)
(Increase) Decrease in Prepaid Insurance	(20,028)	11,482
Increase (Decrease) in Accounts Payable	(3,777)	(859,703)
Increase (Decrease) in Compensated Absences	187	(5,200)
Increase (Decrease) in Accrued Expenses	29,993	9,069
Net Cash Provided by Operating Activities	$ 2,809,870	$ 4,054,699

The accompanying notes are an integral part of this statement.

(1) Organization, Nature of Operations, and Summary of Significant Accounting Policies -

A. Organization and Nature of Operations

In 1985, the Tangipahoa Parish Police Jury (now Tangipahoa Parish Council) voted to create a parish wide sewerage district, in accordance with Louisiana Revised Statute 33:3811, thus creating the Sewerage District No. 1 of Tangipahoa Parish. The Sewerage District No. 1 of Tangipahoa Parish is governed by a board of commissioners consisting of five members. The board is appointed by the parish council and paid according to the number of meetings attended. The District encompasses all non-incorporated areas, with a few exclusions for some previously franchised areas of Tangipahoa Parish. At December 31, 2025, Sewerage District No. 1 of Tangipahoa Parish provided service to a total of approximately 7,413 customers.

B. Financial Reporting Entity

The Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish, Louisiana. The Tangipahoa Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Accordingly, the District has been determined to be a component unit of the Tangipahoa Parish Council.

The accompanying financial statements present information only on the activities and the fund maintained by the District and do not present information on the Tangipahoa Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity for Tangipahoa Parish, Louisiana.

The District has no entities or organizations that are required to be included in its financial report as defined by Governmental Accounting Standards Board (GASB) Statement 61.

C. Measurement Focus and Basis of Accounting and Financial Statement Presentation

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards. These statements establish standards for external financial reporting for all state and local governmental entities which includes a statement of net position (or balance sheet), a statement of revenues, expenses and changes in net position and a statement of cash flows.

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred or economic asset used. The District follows the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities, available to the District for the purpose of providing goods and services to the public, are included on the balance sheet. The statement of revenues, expenses and changes in net position includes all charges for services and costs of providing goods and services during the period.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The District does not have any investments at December 31, 2025.

E. Inventories

Purchases of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

F. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums at December 31, 2025.

G. Restricted Assets

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

H. Capital Assets

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than $5,000, and an estimated useful life in excess of one year. In addition, the District capitalizes costs of water and sewer taps. Capital assets are recorded at either historical cost or estimated historical cost. Donated assets, including sewer systems donated for continued maintenance by the District, are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

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.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings and Improvements	7 to 39
Machinery and Equipment	5 to 7
Vehicles	5
Sewer Systems	24 to 40

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred.

I. Compensated Absences

The District has the following policy related to vacation and sick leave:

Full-time employees earn five days of paid vacation after working full-time for one year, ten days of paid vacation after working full-time for three years, and fifteen days of paid vacation after working full-time for ten years. Employees are allowed to accumulate vacation leave and upon separation from employment will be paid at the current rate of pay. Full-time employees accrue sick leave at a rate of one day for each month of continuous employment until a maximum of 180 hours have been accumulated. Upon separation from service, any accumulated sick leave is forfeited. Overtime can be earned from the first day of employment.

The cost of leave privileges is computed in accordance with GASB Codification Section C60. During the year ending December 31, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*. In accordance with GASB 101 and the District's compensated absences polices, the District's compensated absences liabilities are recognized as earned for vacation and determined more likely than not to be used for time off for sick leave. The District uses the first-in, first-out (FIFO) method flows assumption which assumes that employees use their oldest accumulated leave balances before using leave earned in the current period.

J. Long-Term Obligations

Long-term liabilities are recognized within the Proprietary Fund. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as expense in the period incurred. Prepaid insurance costs related to debt issuance is reported as an asset and recognized over the life of the related debt.

K. Net Position

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, requires classification of net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, into three components, as described below:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, or indebtedness attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

L. Estimates

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

M. Summary Financial Information for 2024

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

(2) Cash and Cash Equivalents -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with original maturity dates of 90 days or less. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash and cash equivalents are stated at cost, which approximates market. The following is a summary of cash and cash equivalents at December 31, 2025:

	Book Balance	Bank Balance
Petty Cash	$ 200	$ -
Interest Bearing Demand Deposits	3,970,821	4,106,332
Restricted Cash Held in Bank Trust Accounts	234,264	234,264
	$ 4,205,285	$ 4,340,596

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities 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 pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds on demand. As of December 31, 2025, the District has $4,106,332 in demand deposits and savings accounts (collected bank balances) for cash and cash equivalents, in one bank. $250,000 of the demand deposits are secured from risk by $250,000 of federal deposit insurance and the remaining $3,856,332 of demand deposits and savings accounts are secured by pledged securities. The $3,856,332 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

(3) Receivables -

The following is a summary of receivables at December 31, 2025:

Accounts Receivable:		
Current	$	302,351
31-60 Days Past Due		25,749
61-90 Days Past Due		24,569
Over 90 Days Past Due		-
Subtotal		352,669
Less: Allowance for Uncollectible Accounts		(3,000)
Net Accounts Receivable	$	349,669

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. Billings for the District are primarily by cooperative agreement with water systems, since the provision of sewer services is dependent on the provision and maintenance of water services. The primary billing service for the District is by agreement with Tangipahoa Water District and is required by resolution of the Tangipahoa Parish Council. Billing services are also provided by the City of Hammond and various smaller water systems. The District records accounts receivable at fiscal year-end based on the collections received by the respective water district in the final month of the fiscal year.

The District established an allowance for uncollectible accounts based on past experience in customer collections. Periodically, the Board reviews the aging of receivables and determines the actual amounts uncollectible. Per Board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of uncollectibility.

(4) Restricted Assets -

The following is a summary of restricted assets at December 31, 2025:

Restricted Cash and Cash Equivalents		
Bond Reserve Account	$	234,264
Total Restricted Assets	$	234,264

(5) Capital Assets -

A summary of changes in capital assets during the year ended December 31, 2025 is as follows:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
Capital Assets not being Depreciated:				
Land	$ 424,908	$ -	$ -	$ 424,908
Construction in Progress	2,269,814	2,723,314	(4,895,737)	97,391
Total Capital Assets not being Depreciated	2,694,722	2,723,314	(4,895,737)	522,299
Capital Assets being Depreciated:				
Buildings and Improvements	338,752	283,220	-	621,972
Machinery and Equipment	1,158,703	275,164	-	1,433,867
Vehicles	269,915	98,998	-	368,913
Sewer Systems	26,892,418	4,446,063	-	31,338,481
Total Capital Assets being Depreciated	28,659,788	5,103,445	-	33,763,233
Less Accumulated Depreciation	6,800,444	892,207	-	7,692,651
Total Capital Assets being Depreciated, Net	21,859,344	4,211,238	-	26,070,582
Total Capital Assets, Net	$ 24,554,066	$6,934,552	$(4,895,737)	$ 26,592,881

Depreciation expense for the year ended December 31, 2025 was $892,207.

(6) Construction in Progress -

Following is a schedule that lists the various projects and projects costs of each along with amounts spent to date at December 31, 2025:

Project Name	Contract Amount	Spent to Date	Remaining Commitment
Current Bond and Grant Projects			
Green Acres Regional WWTP Consolidation	$ 27,768	$ 27,768	$ -
PHS WWTP Improvements WSP Phase 3	51,165	51,165	-
Lift Station, Force Main Improvements, and Other Projects	18,458	18,458	-
Total Current Bond and Grant Projects	$ 97,391	$ 97,391	$ -

(7) Accounts Payable and Accrued Liabilities -

The following is a summary of accounts payable and accrued liabilities at December 31, 2025:

Accounts Payable and Accrued Liabilities:		
Accounts Payable	$	233,373
Other Accrued Liabilities		
Health Insurance Payable		24,236
Payroll Taxes		388
State Withholdings Payable		1,258
Wages		26,428
Total Other Accrued Liabilities		52,310
Accrued Interest on Bonds Payable		116,191
Total Accounts Payable and Accrued Liabilities	$	401,874

(8) Retirement Plan -

The District follows the requirements of GASB Statement 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68. These standards require the District to record its proportionate share of each of the pension plans net pension liability and report the following disclosures:

General Information about the Pension Plan

Parochial Employees Retirement System of Louisiana Plan Description:

The District's employees are members of the Parochial Employees' Retirement System (PERS) – Plan "A", a cost-sharing multiple-employer defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana. PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. PERS issues a publicly available financial report that can be obtained at www.persla.org.

Benefits Provided:

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

1. Retirement

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. Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

2. Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

3. 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 A or 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. 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.

4. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a normal retirement allowance if eligible. Otherwise, the disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or the accrual percentage as defined for retirement benefits multiplied by final compensation multiplied by years of services assuming continued services to age sixty for members hired prior to January 1, 2007 or age sixty-two for members hired on or after January 1, 2007.

5. 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 sixty-five 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.

Contributions:

According to state statute, contributions for all employers are actuarially determined each year. The District's required contribution rate for the period January 1, 2025 to December 31, 2025 was 11.00%. Employees were required to contribute 9.50% of their annual salary for the applicable period. Contributions to PERS from the District were $97,413 for the year ended December 31, 2025.

According to state statute, PERS also receives ¼ 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. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was $10,814 for the year ended December 31, 2025.

Pension Assets, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the District reported a net pension asset of $104,142 for its proportionate share of the net pension asset of PERS. For PERS, the net pension asset was measured as of December 31, 2024 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2024, the District's proportion was .10356% for PERS which was an increase of .00907% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the District recognized pension expense of $87,332 for PERS.

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 63,554	$ 9,053
Changes in assumptions	-	11,459
Net difference between projected and actual earnings on pension plan investments	-	68,577
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	4,591
Employer contributions subsequent to the measurement date	97,413	-
Total	$ 160,967	$ 93,680

The District reported a total of $97,413 as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension asset in the year ended December 31, 2026. 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 ended December 31:	
2026	$ 36,931
2027	91,514
2028	(106,896)
2029	(51,675)
	$ (30,126)

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension asset as of December 31, 2024 for PERS are as follows:

	PERS
Inflation	2.30%
Salary increases	4.75% including inflation
Investment rate of return	6.40% (net of investment expense, including inflation)

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.

For PERS' cost of living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the Systems 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.

For PERS, the long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM 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 the System's target asset allocation as of December 31, 2024 are summarized in the following table.

Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
Fixed Income	37.0%	1.08%
Equity	47.0%	2.82%
Alternatives	15.0%	0.76%
Real Assets	1.0%	0.07%
Total	100.0%	4.73%
Inflation		2.40%
Expected Arithmetic Nominal Return		7.13%

Discount Rate

For PERS, the discount rate used to measure the total pension asset was 6.40% which remained unchanged from the prior measurement date of December 31, 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

Sensitivity of the Employer's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension asset calculated using the current discount rate, as well as what the District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of December 31, 2024 for PERS:

	Changes in Discount Rate		
	1% Decrease 5.40%	Current Discount 6.40%	1% Increase 7.40%
Net Pension Liability (Asset)	$ 531,469	$ (104,142)	$ (637,663)

Pension Plans Fiduciary Net Position

PERS issued a stand-alone audit report on its financial statements for the year ended December 31, 2024. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Payables to the Pension Plans

There were no payables due to PERS at December 31, 2025.

(9) Long-Term Obligations -

The following is a summary of long-term obligation transactions for the year ended December 31, 2025:

Direct Placement Borrowings Description	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025	Due Within One Year
Long-Term Debt:					
Revenue and Refunding Bonds 2017 Series	$ 8,110,000	$ -	$ (235,000)	$ 7,875,000	$ 240,000
Premium on Revenue and Refunding Bonds 2017 Series	67,148	-	(1,946)	65,202	1,987
Revenue Bonds 2020 Series	4,845,000	-	(100,000)	4,745,000	100,000
Premium on Revenue Bonds 2020 Series	283,541	-	(5,852)	277,689	5,852
Total Long-Term Debt	13,305,689	-	(342,798)	12,962,891	347,839
Compensated Absences	93,498	187 *	-	93,685	45,898
Total Long-Term Obligations	$ 13,399,187	$ 187	$ (342,798)	$ 13,056,576	$ 393,737

*Presented Net

Revenue Bonds 2020 Series

On May 15, 2020, the District issued $4,845,000 Series 2020 Revenue Bonds for the purpose of (i) acquiring, construction, extending and improving the sewerage system owned by the District; (ii) funding a municipal bond insurance policy; (iii) funding a debt service reserve fund with a municipal surety bond policy; and (iv) financing the costs of issuance allocated to the bonds. The Series 2020 Bonds have semi-annual payment installments including principal and interest at 2% to 4% through October 1, 2049. The debt service requirements to maturity for the Series 2020 bonds are as follows:

Year	Principal	Interest	Total
2026	$ 100,000	$ 175,944	$ 275,944
2027	105,000	173,944	278,944
2028	105,000	171,844	276,844
2029	105,000	169,744	274,744
2030	110,000	165,544	275,544
2031 to 2035	635,000	756,919	1,391,919
2036 to 2040	760,000	620,519	1,380,519
2041 to 2045	900,000	479,250	1,379,250
2046 to 2049	1,925,000	237,800	2,162,800
	$4,745,000	$2,951,508	$ 7,696,508

Revenue and Refunding Bonds 2017 Series

On October 26, 2017, the District issued $9,535,000 Series 2017 Revenue and Refunding Bonds for the purpose of (i) acquiring, construction, extending and improving the sewerage system owned by the District; (ii) currently refunding two of the District's outstanding Sewer Revenue Bonds Series 2003, each issued September 25, 2003; (iii) funding a municipal bond insurance policy; (iv) funding a debt service fund with a municipal bond insurance policy; and (v) financing the costs of issuance allocated to the bonds. The Series 2017 Bonds have semi-annual payment installments including principal and interest at 3% to 4% through October 1, 2047. The debt service requirements to maturity for the Series 2017 bonds are as follows:

Year	Principal	Interest	Total
2026	$ 240,000	$ 286,820	$ 526,820
2027	245,000	279,620	524,620
2028	255,000	272,270	527,270
2029	265,000	262,070	527,070
2030	275,000	251,470	526,470
2031 to 2035	1,545,000	1,087,850	2,632,850
2036 to 2040	1,845,000	791,454	2,636,454
2041 to 2045	2,205,000	434,414	2,639,414
2046 to 2047	1,000,000	55,872	1,055,872
	$7,875,000	$3,721,840	$11,596,840

Debt Service Requirements to Maturity:

The annual requirements to amortize long term debt outstanding as of December 31, 2025 including expected interest payments of $6,673,348 are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 340,000	$ 462,764	$ 802,764
2027	350,000	453,564	803,564
2028	360,000	444,114	804,114
2029	370,000	431,814	801,814
2030	385,000	417,014	802,014
2031 to 2035	2,180,000	1,844,769	4,024,769
2036 to 2040	2,605,000	1,411,973	4,016,973
2041 to 2045	3,105,000	913,664	4,018,664
2046 to 2049	2,925,000	293,672	3,218,672
	$ 12,620,000	$ 6,673,348	$ 19,293,348

(10) Sewer Revenue Bond Resolution Covenants -

As of December 31, 2025, the Sewerage District No. 1 of the Parish of Tangipahoa, Louisiana (District), has Revenue Refunding Bonds Series 2017 and Revenue Bonds Series 2020 outstanding. The Series 2017 and Series 2020 bond resolutions, covering all the bonds, specifies that the bonds shall be secured and payable in principal and interest exclusively by a pledge of the income and revenues derived or to be derived from the operation of the system. Other specific legal requirements and bond restrictions are summarized below:

a) Provide that all income and revenues derived by the issuer from the operation of the system shall be deposited in a separate and special bank account (the "Sewer Fund") with the regularly designated fiscal agent bank of the issuer.

b) Bond covenants of the outstanding parity obligations require the District to fix, establish, maintain, levy and collect, so long as any principal and interest is unpaid on the Bonds, such rates, fees, rents, or other charges for services and facilities of the system and all parts thereof, and revise the same from time to time whenever necessary as will always provide revenues in each fiscal year sufficient to (i) pay operation and maintenance expenses; (ii) provide net revenues in an amount sufficient to make payments and deposits required by the bond resolution for the payment of principal and interest on the bonds and any additional parity obligations hereafter; (iii) provide net revenues in an amount equal to one hundred twenty-five percent (125%) of the required deposits to the sinking fund for the security and payment of the bonds plus the payment of principal and interest on any additional parity obligations; (iv) make all other payments required by the bond resolution; (v) pay all other obligations or indebtedness payable out of the revenues for such fiscal year. The covenants require that such rates, fees, rents, or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for the foregoing purposes. The calculated bond debt coverage ratio for existing Bonds exceeded the 125 percent ratio for the fiscal year ended December 31, 2025.

c) The establishment and maintenance of a "Sewer Bond and Interest Sinking Fund" (the "Sinking Fund") into which deposits are required in sufficient amount to pay promptly and fully the interest and principal installments of the Bonds as the required payments become due, by transferring from the Revenue Fund to the Sinking Fund monthly on or before the 20th day of each month of each year, a sum equal to 1/6 of the interest payable on the Bonds on the next interest payment date, and a sum equal to 1/12 of the principal payable on the Bonds on any next principal payment date. At December 31, 2025, the Sinking Fund requirements for the interest and principal accounts on the Series 2017 and Series 2020 Bonds were fully funded with actual balances of $139,475 and $94,789, and are reported as restricted cash.

During the fiscal year ended December 31, 2025, the District was in substantial compliance with bond covenants noted above.

(11) Employee Health Insurance -

As a component unit of the parish, the District obtains health insurance coverage for its employees through the coverage of the parish and reimburses the parish for the cost of the insurance. The District's portion of the insurance expense related to its employees is invoiced by the Parish. Insurance expense for the District employee health insurance was $255,442 for the year ended December 31, 2025.

(12) Restricted and Designated Net Position -

At December 31, 2025, the District recorded $118,073 in Restricted Net Position (Restricted for Capital Projects and Debt Service), representing the District's funds restricted by revenue bond debt covenants and the unspent portion of capital debt related to amounts restricted for capital projects less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

(13) Risk Management -

The District is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The District purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The District's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There have been no significant decreases in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

(14) Sewerage Treatment Plant -

The District's community sewerage wastewater treatment plants (WWTPs) utilizes a treatment process that consists of an arrangement of processes, equipment, and structures for treating, neutralizing, stabilizing, or disposing of domestic wastewater and the intermediate byproducts of the treatment process. When domestic wastewater treatment works are decommissioned, the decommissioning efforts must be completed in a way that ensures protection of waters of the state and the surrounding environment in accordance with appropriate environmental regulations. The District's WWTPs are maintained in the configuration as permitted, in working order and operated efficiently to minimize upsets, discharges of excessive pollutants, bypassing of discharges from the system, and health hazards and nuisances, and to consistently produce effluent water quality meeting the minimum requirements of the secondary treatment standard in accordance with Louisiana Administrative Code Title 51, Part XIII §505. No asset retirement obligation has been recognized related to the District's WWTPs because it cannot be reasonably estimated at this time and the District intends to maintain and expand the WWTPs as needed.

(15) Litigation -

There is no outstanding litigation at December 31, 2025 for which the District would expect an unfavorable outcome.

(16) Current Year Adoption of New Accounting Standards -

The following statement of the Governmental Accounting Standards Board (GASB) is effective for the District's 2025 fiscal year. The District has adopted and implemented this statement in the preparation of the financial statements for the year ended December 31, 2025.

- During the year, the District adopted GASB Statement No. 102 – *Certain Risk Disclosures.* This new accounting standard had no material effect on the District's financial statements.

(17) Current Accounting Pronouncements -

The following statements of the Governmental Accounting Standards Board will be effective for years subsequent to the District's fiscal year 2025.

1. Statement No. 103 – *Financial Reporting Model Improvements* (2026).
2. Statement No. 104 – *Disclosure of Certain Capital Assets* (2026).
3. Statement No. 105 – *Subsequent Events* (2027).

Management is currently evaluating the effects of each of the new GASB pronouncements.

(18) Subsequent Events -

Management has evaluated subsequent events and transactions for potential recognition or disclosures in the financial statements through June 24, 2026, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED DECEMBER 31, 2025*

Fiscal Year	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension (Asset) Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability
Parochial Employees' Retirement System of Louisiana:					
2016	0.05512%	$ 145,092	$ 316,035	45.91%	92.23%
2017	0.05261%	108,358	312,024	34.73%	94.15%
2018	0.06331%	(46,994)	389,690	(12.06)%	101.98%
2019	0.08138%	361,206	477,320	75.67%	88.86%
2020	0.07849%	3,696	497,697	0.74%	99.89%
2021	0.08217%	(144,071)	548,784	(26.25)%	104.00%
2022	0.08848%	(416,775)	593,636	(70.21)%	110.46%
2023	0.08995%	346,206	610,224	56.73%	91.74%
2024	0.09449%	90,024	684,840	13.15%	98.03%
2025	0.10356%	(104,142)	801,023	13.00%	101.97%

* The amounts presented were determined as of the previous fiscal year end.

See independent auditor's report.

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2025*

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Parochial Employees' Retirement System of Louisiana:					
2016	$ 40,929	$ 40,929	$ -	$ 312,024	13.12%
2017	48,771	48,771	-	389,690	12.52%
2018	54,892	54,892	-	477,320	11.50%
2019	57,233	57,233	-	497,697	11.50%
2020	67,226	67,226	-	548,784	12.25%
2021	72,720	72,720	-	593,636	12.25%
2022	70,172	70,172	-	610,224	11.50%
2023	78,757	78,757	-	684,840	11.50%
2024	92,118	92,118	-	801,023	11.50%
2025	97,413	97,413	-	877,983	11.00%

*The amounts presented were determined as of the fiscal year.

See independent auditor's report.

Parochial Employees' Retirement System of Louisiana:

Changes in Actuarial Assumptions

There were no changes of benefit assumptions for the year ended December 31, 2024, for PERS.

Other changes are as follows**:**

Change in Assumptions:

Valuation Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Investment Rate of Return	6.40%	6.40%		6.40%	6.40%	6.50%	6.50%	6.75%	7.00%
Inflation Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%
Projected Salary Increase	4.75% (2.30% Inflation, 2.45% Merit)	4.75% (2.30% Inflation, 2.45% Merit)	4.75% (2.30% Inflation, 2.45% Merit)	4.75% (2.30% Inflation, 2.45% Merit)	4.75% (2.30% Inflation, 2.45% Merit)	4.75% (2.40% Inflation, 2.35% Merit)	4.75% (2.40% Inflation, 2.35% Merit)	5.25% (2.50% Inflation, 2.75% Merit)	5.25% (2.50% Inflation, 2.75% Merit)

Valuation Date	June 30, 2015
Investment Rate of Return	7.00%
Inflation Rate	2.50%
Projected Salary Increase	5.25% (2.50% Inflation, 2.75% Merit)

See independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Original Budget	2025 Final Budget	2025 Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
Sewer Service Revenues	$ 3,533,714	$ 3,850,000	$ 3,866,277	$ 16,277
Sewer Capacity Fees	285,000	145,000	143,662	(1,338)
Connection Fees	49,000	119,000	117,908	(1,092)
Other	-	3,000	17,314	14,314
Total Operating Revenues	3,867,714	4,117,000	4,145,161	28,161
Operating Expenses:				
Salaries and Wages	782,563	893,825	912,958	(19,133)
Employee Benefits	304,615	346,000	355,414	(9,414)
Bad Debts	500	-	-	-
Billing Costs	135,000	169,000	185,202	(16,202)
Depreciation	278,500	255,000	892,207	(637,207)
Director's and Recording Secretary Expense	8,500	8,200	8,058	142
Engineering and Surveyor Fees	46,000	200,750	3,750	197,000
Insurance	122,000	207,500	231,502	(24,002)
Lift Station and Plant Maintenance	500,600	3,042,700	400,605	2,642,095
Other	72,300	70,525	74,986	(4,461)
Professional Fees	197,000	221,650	258,490	(36,840)
Rentals	42,000	38,000	36,917	1,083
Repairs and Maintenance	108,000	161,075	154,770	6,305
Supplies	146,400	155,300	197,923	(42,623)
Utilities	457,000	453,000	492,465	(39,465)
Vehicle Expenses	76,000	66,750	64,565	2,185
Total Operating Expenses	3,276,978	6,289,275	4,269,812	2,019,463
Operating Income (Loss)	590,736	(2,172,275)	(124,651)	2,047,624
Nonoperating Revenues (Expenses):				
Dividend Income	-	-	11,832	11,832
Interest Income	250,000	194,000	193,816	(184)
Interest Expense	(400,000)	(500,000)	(462,253)	37,747
Intergovernmental Revenue	-	1,831,901	1,361,472	(470,429)
Total Nonoperating Revenues (Expenses)	(150,000)	1,525,901	1,104,867	(421,034)
Income Before Contributions	440,736	(646,374)	980,216	1,626,590
Change in Net Position	440,736	(646,374)	980,216	1,626,590
Net Position - Beginning of Year	17,052,667	17,052,667	17,052,667	-
Net Position - End of Year	$ 17,493,403	$ 16,406,293	$ 18,032,883	$ 1,626,590

See independent auditor's report.

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

FOR THE YEAR ENDED DECEMBER 31, 2025

Name, Title, Contact Number	Address	Compensation Received	Term Expiration
Justin Proctor, Chairman	11164 E. Nickens Road Hammond, LA 70403	$ 1,500	July 2026
Barry Couvillion, Vice Chairman	121 Laurel Oaks Road Madisonville, LA 70447	1,800	March 2026
James Miller	P. O. Box 137 Independence, LA 70443	1,800	March 2027
David Fugarino	47135 Ruby Oak Ct Hammond, LA 70401	1,650	March 2028
Sammy Richmond	125 Holly Drive Hammond, LA 70401	1,200	March 2028
		$ 7,950	

See independent auditor's report.

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2025

Agency Head Name: Jason Hood

Purpose	Amount
Salary	$ 100,494
Benefits - Insurance	18,334
Benefits - Retirement	11,439
Vehicle Allowance	7,200
Reimbursements	1,081
	$ 138,548

See independent auditor's report.

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

SCHEDULE OF INSURANCE COVERAGE IN FORCE

FOR THE YEAR ENDED DECEMBER 31, 2025

Insurance Company / Policy Number	Coverage	Amount	Policy Period
National Union Fire Insurance Co.	Commercial General Liability:		12/11/2025 to
Policy Number	Aggregate Policy Limit	$ 3,000,000	12/11/2026
GPNU-PF-0034977-00/000	Products/Completed Ops Aggregate	$ 3,000,000	
	Personal & Advertising Injury	$ 1,000,000	
	Per Occurrence	$ 1,000,000	
	Rented To You Any One Premises	$ 1,000,000	
	Limited Pollution	$ 1,000,000	
	Sewer Backup	$ 1,000,000	
	Fire Damage	$ 500,000	
	Medical Expense	$ 10,000	
Progressive	Business Auto Liability	$ 1,000,000	12/11/2025 to
Policy Number			12/11/2026
975531929			
Louisiana Citizens	Commercial Property:		12/11/2025 to
Policy Number	Equipment Breakdown Limit	$ 2,665,605	12/11/2026
CO44748	Expediting Expenses	$ 100,000	
	Hazardous Substances	$ 100,000	
	Spoilage	$ 100,000	
	Data Restoration	$ 100,000	
National Union Fire Insurance Co.	Employment Practices Liability:		12/11/2025 to
Policy Number	General Aggregate	$ 3,000,000	12/11/2026
GPNU-PF-0034977-00/000	Public Officials Defense Each Action	$ 5,000	
	Public Officials Liability - Each Claim	$ 1,000,000	
	Employment Practices Liability & Third Party Liability	$ 1,000,000	

(CONTINUED)

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

SCHEDULE OF INSURANCE COVERAGE IN FORCE - CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2025

Insurance Company / Policy Number	Coverage	Amount	Policy Period
National Union Fire Insurance Co. Policy Number GPNU-PF-0034977-00/000	Contractors Equip Floater:		12/11/2025 to 12/11/2026
	Contractors Equipment	$ 10,000	
National Union Fire Insurance Co. Policy Number GPNU-PF-0034977-00/000	Umbrella	$ 1,000,000	12/11/2025 to 12/11/2026
AmGuard Insurance Company Policy Number GPNU-PF-0034977-00/000	Flood	$ 500,000	12/11/2025 to 12/11/2026
National Union Fire Insurance Co. Policy Number GPNU-PF-0034977-00/000	Crime Policy:		12/11/2025 to 12/11/2026
	Employee Theft	$ 100,000	
	Forgery or Alteration	$ 100,000	
	Theft of Money & Securities Inside or Outside the Premises	$ 100,000	
	Computer & Funds Transfer Fraud	$ 100,000	
	Money Orders & Counterfeit Money	$ 100,000	
Louisiana Workers' Compensation Corp. Policy Number WCV0094865-2025A	Workmen's Compensation	$ 1,000,000	2/28/2025 to 2/28/2026

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

SCHEDULE OF SEWER RATES AND NUMBER OF CUSTOMERS

FOR THE YEAR ENDED DECEMBER 31, 2025

Sewer					
Residential Rates		Commercial Rates			
$ 39.75	- Flat Rate per Household	SC1			
			$	57.95	- Base Rate Minimum
			$	3.14	- Per 1,000 Gallons
		SC2			
			$	57.95	- Base Rate Minimum
			$	6.24	- Per 1,000 Gallons
		SC3			
			$	562.78	- Base Rate
		SC4			
			$	318.00	- Base Rate Minimum
			$	6.15	- Per 1,000 Gallons
		SC5			
			$	57.95	- Base Rate
		SC6			
			$	136.43	- Base Rate
		SC7			
			$	2,186.16	- Base Rate
		SC8			
			$	7.45	- Base Rate

The above schedule reflects the District's base rates. Rates may vary in particular for commercial entities, based on engineering analysis of service cost.

As of December 31, 2025 and 2024, the District had the following number of customers:

	December 31, 2025	December 31, 2024	Increase (Decrease)
Customers			
Residential	7,299	7,004	295
Nonresidential	114	106	8
Total Customers	7,413	7,110	303

See independent auditor's report.

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
United States Department of the Treasury				
Passed Through Louisiana Office of Community Development:				
COVID19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	23-09-105-113	$ -	$ 1,350,658
Total United States Department of the Treasury			-	1,350,658
Total Expenditures of Federal Awards			$ -	$ 1,350,658

See accompanying notes to the Schedule of Expenditures of Federal Awards.

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2025

Note A - Significant Accounting Policies -

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sewerage District No. 1 of Tangipahoa Parish and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note B - Indirect Cost Rate Election -

The District did not elect to use up to 15% de minimis indirect cost rate during the year ended December 31, 2025.

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

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INDEPENDENT AUDITOR'S REPORT

Board Members of
Sewerage District No. 1 of Tangipahoa Parish
Hammond, 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 (*Government Auditing Standards*), the financial statements of the business-type activities of Sewerage District No. 1 of Tangipahoa Parish (the District), (a component unit of the Tangipahoa Parish Council), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated June 24, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 24, 2026

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

HANNIS T. BOURGEOIS
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INDEPENDENT AUDITOR'S REPORT

Board Members of
Sewerage District No. 1 of Tangipahoa Parish
Hammond, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Sewerage District No. 1 of Tangipahoa Parish's (the District) 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 each of the District's major federal programs for the year ended December 31, 2025. The District'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 Sewerage District No. 1 of Tangipahoa Parish complied, in all material respects, with compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 District 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 each major federal program. Our audit does not provide a legal determination of the District'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 provisions of contracts or grant agreements applicable to the District'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 District'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 GAAS, *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 District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 District'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 District'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 District'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.

Report on Internal Control Over Compliance

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 24, 2026

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weaknesses identified?	____ Yes	x No
• Significant deficiencies identified?	____ Yes	x None Noted
Noncompliance material to financial statements noted?	____ Yes	x No

Federal Awards

Internal control over major programs:

• Material weaknesses identified?	____ Yes	x No
• Significant deficiencies identified?	____ Yes	x None Noted

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	x No

The following program was tested as a major program:

Name of Federal Programs or Cluster	Number
United States Department of the Treasury	
Passed Through Louisiana Office of Community Development	
COVID19 - Coronavirus State and Local Fiscal Recovery Funds	21.027

- The dollar threshold for distinguishing Types A and B programs was $1,000,000.

- Auditee qualified as a low risk auditee?	x Yes	____ No

Section II: Financial Statement Findings

1. Internal Control Over Financial Reporting

   None.

2. Compliance and Other Matters

   None.

Section III: Federal Awards Findings

1. Internal Control Over Compliance of Federal Awards

   None.

2. Compliance

   None.

SEWERAGE DISTRICT NO. 1 OF TANGIPAHOA PARISH

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

Financial Statement Findings

1. Internal Control Over Financial Reporting

   None.

2. Compliance and Other Matters

   None.

Federal Award Programs

1. Internal Control Over Compliance of Federal Awards

   None.

2. Compliance

   None.

SEWERAGE DISTRICT NO.1 OF TANGIPAHOA PARISH

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

DECEMBER 31, 2025

HAMMOND, LOUISIANA

HANNIS T. BOURGEOIS
CPAs + BUSINESS ADVISORS

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Independent Accountant's Report on Applying Agreed-Upon Procedures For the Year Ended December 31, 2025

To the Board of Commissioners of
Sewerage District No. 1 of Tangipahoa Parish
And the Louisiana Legislative Auditor
Hammond, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. The Sewerage District No. 1 of Tangipahoa Parish's (the District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user 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. 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. – **No exceptions noted.**

   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. – **No exceptions noted.**

   iii. ***Disbursements***, including processing, reviewing, and approving. – **No exceptions noted.**

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). – **No exceptions noted.**

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. – **No exceptions noted.**

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. – **No exceptions noted.**

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. – **No exceptions noted.**

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). – **No exceptions noted.**

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. – **No exceptions noted.**

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. – **No exceptions noted.**

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. – **No exceptions noted.**

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. – **No exceptions noted.**

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. – **No exceptions noted.**

   ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. – **No exceptions noted.**

   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. – **Per review of the prior year audit report, there was no negative unrestricted net position.**

   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. – **No exceptions noted.**

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); – **No exceptions noted.**

   ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and– **No exceptions noted.**

   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. – **No exceptions noted.**

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). **– No exception noted.**

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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. – **No exception noted.**

    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. – **No exceptions noted.**

    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. – **No exceptions noted.**

    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. – **No exceptions noted.**

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period. – **No exceptions noted.**

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). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and

    i. Observe that receipts are sequentially pre-numbered. – **No exceptions noted.**

    ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No exceptions noted.**

    iii. Trace the deposit slip total to the actual deposit per the bank statement. – **No exceptions noted.**

    iv. Observe 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). **– No exceptions noted.**

    v. Trace the actual deposit per the bank statement to the general ledger. – **No exceptions noted.**

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). – **No exceptions noted.**

B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. – **No exceptions noted.**

   ii. At least two employees are involved in processing and approving payments to vendors. – **No exceptions noted.**

   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. – **No exceptions noted.**

   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. – **No exceptions noted.**

   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. – **No exceptions noted**.

C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and: **– No exception noted.**

   i. Observe whether the disbursement, whether by paper or electronic, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity. – **No exceptions noted.**

   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable. – **No exceptions noted.**

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*. – **No exceptions.**

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

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. – **No exceptions noted.**

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 **– No exceptions noted.**

   ii. Observe that finance charges and late fees were not assessed on the selected statements. – **No exceptions noted.**

C. Using the monthly statements or combined statements selected under #6B above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to inspection). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. **– No exceptions noted.**

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. **– No exceptions noted.**

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected: - **No exceptions noted.**

   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 (doa.la.gov/doa/ost/ppm-49-travel-guide) or the U.S. General Services Administration (<u>www.gsa.gov</u>). – **No exceptions noted.**

   ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. – **No exceptions noted.**

iii. Observe 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 #1A(vii). – **No exceptions noted.**

iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **No exceptions noted.**

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* 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. – **No exceptions noted.**

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). – **No exceptions noted.**

iii. If the contract was amended (e.g., change order), observe 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, was approval documented). – **No exceptions noted.**

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 the invoice and related payment agreed to the terms and conditions of the contract. – **No exceptions noted.**

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. – **No exceptions noted.**

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

i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). – **No exceptions noted.**

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials. – **No exceptions noted.**

iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records. – **No exceptions noted.**

iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file. – **No exceptions noted.**

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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy. – **No exceptions noted.**

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. – **No exceptions noted.**

10) Ethics

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

   i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and – **No exceptions noted.**

   ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable**.** – **No exceptions noted.**

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170. – **No exceptions noted.**

11) Debt Service

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. – **No debt was issued during current fiscal period.**

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). – **No exceptions noted.**

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523. – **No exceptions noted.**

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. – **No exceptions noted.**

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management.

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. – **We performed the procedure and discussed the results with management.**

B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months. – **We performed the procedure and discussed the results with management.**

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. – **We performed the procedure and discussed the results with management.**

D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network. – **We performed the procedure and discussed the results with management.**

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 as follows: - **We performed the procedure and discussed the results with management.**

- 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, obtain sexual harassment training documentation from management, and observe 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. - **No exceptions noted.**

B. Observe 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). - **No exceptions noted.**

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 it 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.

   - **No exceptions noted.**

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the 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.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 24, 2026