

CITY OF ZACHARY, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2025

CITY OF ZACHARY, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Zachary, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit (City Court of Zachary), and the aggregate remaining fund information of the **CITY OF ZACHARY, LOUISIANA (CITY)**, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, the discretely presented component unit (City Court of Zachary), and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Louisiana Governmental Audit Guide*, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 the City'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.

Address

6811 Jefferson Highway
Baton Rouge, LA 70806

Contact

P:225.927.6811
F:225.932.0000

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, the *Louisiana Governmental Audit Guide*, 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, the *Louisiana Governmental Auditing Guide*, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison information, schedule of changes in OPEB liability and related ratios, schedule of proportionate share of net pension liability, schedule of pension contributions, and notes to the required supplementary information on pages 5 through 14 and 75 through 82 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 in 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The General Fund's schedule of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual by department, the Proprietary Fund's schedule of operating expenditures - budget (GAAP basis) and actual by department, the schedule of compensation, and benefits and other payments to agency head, and the Act 87 justice system funding schedule - collecting/disbursing entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, The General Fund's schedule of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual by department, the Proprietary Fund's schedule of operating expenditures - budget (GAAP basis) and actual by department, the schedule of compensation, and benefits and other payments to agency head, and the Act 87 justice system funding schedule - collecting/disbursing entity are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information presented to supplement the basic financial statements. The other information comprises the schedule of insurance in force and the schedule of utility statistics but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated December 29, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
December 29, 2025

CITY OF ZACHARY, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the City of Zachary's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2025. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities and currently known facts, and should be read in conjunction with the financial statements which begin on Exhibit A.

FINANCIAL HIGHLIGHTS

In 2025, the City's government-wide activities experienced a decrease in revenues of 2% compared to the prior year, while expenses remained the same. The decrease in revenue is largely due to the operating grants and contributions that were recognized in the prior year. The City's revenue is largely made up of taxes and intergovernmental grant revenues, as well as charges for services and commissions. The City received sales tax of \$17.9 million in 2025 compared to \$17.0 million received in 2024. The City recognized intergovernmental grants and contributions of \$3.7 million in 2025 compared to \$4.9 million received in 2024. Additionally, City has put a focus on street and infrastructure improvements projects in recent years.

The major financial highlights for 2025 are as follows:

- Assets of the City's primary government exceeded its liabilities at the end of the year by \$73 million (net position). Net position includes \$86.5 million that is invested in capital assets, net of related liabilities.
- The primary government's total net position increased by \$3.3 million during 2025 compared to an increase of \$4.1 million during 2024.
- At year end, the City's governmental funds reported fund balances of \$29.5 million, a decrease of approximately \$2.2 million in comparison to a decrease in governmental fund balance of \$4.3 million during 2024.

Significant aspects of the City's financial well-being, for the year ended June 30, 2025, are detailed throughout this analysis.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 and 16) provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

Fund financial statements start on page 17. For governmental funds, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than

the government-wide statements by providing information about the City's most significant funds.

Our auditor has provided assurance in their independent auditors' report, located immediately preceding this MD&A, that the financial statements are fairly stated. Varying degrees of assurance are being provided by the auditors regarding the required supplemental information and the supplemental information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each part of this report.

Reporting on the City as a Whole

Our analysis of the City as a whole begins on page 15. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way to determine if the City is in better condition as a result of the year's financial results. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the City's net position and related changes. One can consider the City's net position—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property and sales tax base and the condition of the City's roads and buildings, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities - The City's basic services are reported here, including public safety, streets, sanitation, recreation, and general administration. Sales and ad valorem taxes and intergovernmental grants and contributions finance the majority of these activities.

At June 30, 2025, the City's governmental activities net position was \$57.6 million, of which \$60.8 million is invested in capital assets, net of related liabilities. Restricted net position is normally reported separately to show legal constraints from debt covenants and/or enabling legislation that limits the City's ability to use that net position for day-to-day operations. The City's restricted net position of its governmental activities was \$13.1 million as of June 30, 2025.

Business-type activities - The City charges a fee to customers to help cover the cost of the utility service it provides. The City provides natural gas, water, and sewer utility services to its citizens.

At June 30, 2025, the City’s business-type activities net position was \$15.3 million, of which \$25.7 million is invested in capital assets, net of related debt liabilities.

Component unit - The City reports one component unit, the City Court. The City Court is not considered to be a division of the primary government of the City, but is reported as a component unit of the City. The City Court receives majority of its revenues from charges for services related to judicial activities.

At June 30, 2025, the City Court’s net position was \$122,000, of which \$65,000 is invested in capital assets. The City Court does not have any debt besides its net pension liability.

The analysis below of the primary government focuses on the net position and change in net position of the City’s governmental and business-type activities, and the net position and change in position of the City’s component unit, City Court.

City of Zachary, Louisiana
Statement of Net Position
June 30, 2025 and 2024
(in thousands)

	Governmental Activities		Business-type Activities		City Court Activities		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 30,833	\$ 34,938	\$ 6,357	\$ 6,437	\$ 287	\$ 223	\$ 37,477	\$ 41,598
Capital assets	74,009	68,667	34,026	34,841	64	83	108,099	103,591
Total assets	<u>104,842</u>	<u>103,605</u>	<u>40,383</u>	<u>41,278</u>	<u>351</u>	<u>306</u>	<u>145,576</u>	<u>145,189</u>
Deferred outflows	5,180	6,761	446	957	36	148	5,662	7,866
Current and other liabilities	1,371	4,559	15,387	13,804	-	3	16,758	18,366
Long-term liabilities	45,795	48,130	10,029	12,212	236	285	56,060	60,627
Total liabilities	<u>47,166</u>	<u>52,689</u>	<u>25,416</u>	<u>26,016</u>	<u>236</u>	<u>288</u>	<u>72,818</u>	<u>78,993</u>
Deferred inflows	5,231	4,146	64	57	29	87	5,324	4,290
Net position:								
Net investment in capital assets	60,805	55,085	25,691	25,613	65	83	86,561	80,781
Restricted	13,070	13,738	1,437	1,641	-	-	14,507	15,379
Unrestricted	<u>(16,250)</u>	<u>(15,292)</u>	<u>(11,779)</u>	<u>(11,092)</u>	<u>57</u>	<u>(4)</u>	<u>(27,972)</u>	<u>(26,388)</u>
Total net position	<u>\$ 57,625</u>	<u>\$ 53,531</u>	<u>\$ 15,349</u>	<u>\$ 16,162</u>	<u>\$ 122</u>	<u>\$ 79</u>	<u>\$ 73,096</u>	<u>\$ 69,772</u>

Net position of the City’s governmental activities increased by approximately \$4.1 million during 2025. Governmental unrestricted net position, which decreased by \$958,000, represents the portion of the City’s resources that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The increase in net position of governmental activities is primarily attributable to the receipt of various intergovernmental grants related to streets, public safety and general governmental activities.

(continued)

The results of the past two years' operations for the primary government as a whole and the component unit, as reported in the Statement of Activities, are as follows:

City of Zachary, Louisiana
Changes in Net Position
For the years ended June 30, 2025 and 2024
(in thousands)

	Governmental Activities		Business-type Activities		City Court Activities		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Revenues:								
Program revenues								
Charges for services	\$ 3,522	\$ 3,599	\$ 9,303	\$ 8,646	\$ 1,045	\$ 1,042	\$ 13,870	\$ 13,287
Operating grants & contributions	1,326	3,080	-	-	-	85	1,326	3,165
Capital grants & contributions	2,392	1,860	-	1,942	-	-	2,392	3,802
General revenues:								
Sales taxes	17,907	16,958	-	-	-	-	17,907	16,958
Ad valorem taxes	1,272	1,195	-	-	-	-	1,272	1,195
Franchise and other	15	-	-	-	-	-	15	-
Commissions	1,737	1,707	-	-	-	-	1,737	1,707
Interest income	341	370	63	72	-	-	404	442
Gain (loss) on sale of capital assets	-	131	-	37	-	-	-	168
Pension revenue and other	1,998	777	-	62	-	16	1,998	855
Total revenues	<u>30,510</u>	<u>29,677</u>	<u>9,366</u>	<u>10,759</u>	<u>1,045</u>	<u>1,143</u>	<u>40,921</u>	<u>41,579</u>
Functions/Program Expenses:								
General government	3,115	6,927	-	-	-	-	3,115	6,927
Public safety	15,423	12,334	-	-	-	-	15,423	12,334
Streets	4,316	3,862	-	-	-	-	4,316	3,862
Sanitation	2,171	2,073	-	-	-	-	2,171	2,073
Recreation	650	478	-	-	-	-	650	478
Debt service	741	698	-	-	-	-	741	698
Utilities	-	-	10,179	9,960	-	-	10,179	9,960
Judicial services	-	-	-	-	1,002	1,000	1,002	1,000
Total expenses	<u>26,416</u>	<u>26,372</u>	<u>10,179</u>	<u>9,960</u>	<u>1,002</u>	<u>1,000</u>	<u>37,597</u>	<u>37,332</u>
Change in net position	4,094	3,305	(813)	799	43	143	3,324	4,247
Beginning net position	<u>53,531</u>	<u>50,226</u>	<u>16,162</u>	<u>15,363</u>	<u>79</u>	<u>(64)</u>	<u>69,772</u>	<u>65,525</u>
Ending net position	<u>\$ 57,625</u>	<u>\$ 53,531</u>	<u>\$ 15,349</u>	<u>\$ 16,162</u>	<u>\$ 122</u>	<u>\$ 79</u>	<u>\$ 73,096</u>	<u>\$ 69,772</u>

The increase in net position of \$4.1 million for the primary government is primarily attributed to an increase in revenues related to sales tax. Expenditures in public safety and streets expenditures increased through the year due to the City recognizing a demand in the need for these types governmental services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now fund type by category.

Reporting the City's Most Significant Funds

The City's major funds begin on page 17 with the fund financial statements that provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, the City Council establishes other funds to control and manage financial resources for particular purposes or meeting legal responsibilities for using certain taxes, grants, and other assets. The City's two kinds of funds, governmental and proprietary, use different accounting basis.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Most of the City's basic services are reported in governmental funds. These funds use the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation to the financial statements. The basic governmental funds (Exhibits A-2 and A-4) presentation is presented using modified accrual basis and focuses on the City's three major funds and the nonmajor debt service fund.

Proprietary fund - When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-9.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the City's major funds, the major fund budgetary comparison schedules, schedule of changes in net OPEB liability and related ratios, schedules of proportionate shares of net pension liability and

pension contributions, and notes to required supplementary information. See Exhibit B through B-5.

Certain supplementary financial information not required by *Governmental Accounting Standards* can be found in Exhibits C through C-3 and D and D-1. These schedules are included for additional information and analysis and do not constitute a part of the basic financial statements.

Financial Analysis of the Governmental Funds

The governmental operations of the City are accounted for in the General Fund, Streets Improvement Fund, Debt Service Fund – Streets, and the Nonmajor Debt Service Fund, the Hotel Tax Fund. The focus of these funds, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements.

The following is a summary of general governmental operations for 2025 and 2024 by governmental fund, is as follows:

	(in thousands)				
	2025				
	General Fund	Streets Improvement Fund	Debt Service Fund - Streets	Nonmajor Debt Service Fund - Hotel	Totals
Revenues & other financing sources	\$ 25,181	\$ 5,761	\$ -	\$ 228	\$ 31,170
Expenditures & other financing uses	26,668	6,538	-	118	33,324
Surplus (deficit)	(1,487)	(777)	-	110	(2,154)
Fund balance, July 1, 2024	17,879	(11,488)	23,323	1,902	31,616
Change within financial reporting entity	-	23,323	(23,323)		
June 30, 2025	<u>\$ 16,392</u>	<u>\$ 11,058</u>	<u>\$ -</u>	<u>\$ 2,012</u>	<u>\$ 29,462</u>

	(in thousands)				
	2024				
	General Fund	Streets Improvement	Debt Service - Streets	Nonmajor Debt Service - Hotel	Totals
Revenue & other financing sources	\$ 22,996	\$ 2,009	\$ 4,707	\$ 227	\$ 29,939
Expenditures & other financing uses	28,219	5,036	881	122	34,258
Surplus	(5,223)	(3,027)	3,826	105	(4,319)
Fund balance, July 1, 2023	23,102	(8,461)	19,497	1,797	35,935
Fund balance, June 30, 2024	<u>\$ 17,879</u>	<u>\$ (11,488)</u>	<u>\$ 23,323</u>	<u>\$ 1,902</u>	<u>\$ 31,616</u>

The City’s governmental funds experienced a deficit change in fund balance of \$2.2 million during 2025. At year end, fund balances were \$29.5 million, of which \$16.3 million is unrestricted and available for utilization at the City’s discretion. The remaining fund balance has been restricted (\$13.2 million) where internal constraints have been established by the City.

At June 30, 2025, the fund balance of the General Fund was \$16.4 million compared to the fund balance of \$17.9 million at July 1, 2024. The General Fund’s overall expenditures decreased by \$1.6 million in 2025 majorly due to capital outlay expenditures and the completion of the construction of a new police department headquarters and purchases of various machinery and equipment items.

Sources of governmental revenues, excluding transfers and other financing sources, are summarized below.

Source of Revenue	(in thousands)			
	2025		2024	
	Revenues	Percent	Revenues	Percent
Taxes	\$ 19,194	64	\$ 18,153	61
Intergovernmental	3,718	12	4,940	17
Charges for services	2,578	9	1,916	7
Commissions	1,737	6	1,707	6
Fines	321	1	347	1
Licenses and permits	623	2	628	2
Interest earnings	341	1	-	0
Miscellaneous	1,425	5	1,371	6
Total	<u>\$ 29,937</u>	<u>100</u>	<u>\$ 29,062</u>	<u>100</u>

Revenues of the governmental funds increased by approximately \$900,000. This increase is directly attributable to larger amounts of sales & use taxes collected in the current year.

Sources of governmental expenditures, excluding transfers and other financing uses, are summarized below.

Function	(in thousands)			
	2025		2024	
	Expenditures	Percent	Expenditures	Percent
General government	\$ 4,314	13	\$ 3,948	12
Public safety	11,750	34	10,915	32
Streets	2,535	8	2,298	7
Sanitation	2,171	7	2,073	6
Recreation	568	2	478	1
Debt service	2,500	8	2,226	6
Capital outlay	9,486	28	12,319	36
Total	<u>\$ 33,324</u>	<u>100</u>	<u>\$ 34,257</u>	<u>100</u>

Governmental expenditures decreased by \$933,000, or 3%. This decrease is directly attributable to a decrease in capital outlay expenditures related to construction of a new police department headquarters and purchases of various machinery and equipment items, as previously noted in 2024.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the City’s General Fund operating budget was amended, which is a customary practice of the City, to reflect the changes that occur with financial related matters throughout the fiscal year. The most significant changes during 2025 were as follows:

- To increase charges for services by \$381,000, or 12% of the City’s original budget.
- To decrease general government expenditures of \$439,000, or 10% of the City’s original budget.
- To increase public safety expenditures by \$7,543,000, or 147% of the City’s original budget.
- To increase streets expenditures of \$724,000, or 103% of the City’s original budget.
- To decrease capital outlay by \$3,525,000 or 45% of the City’s original budget.

With these adjustments, the amended budgeted change in fund balance had a decrease of \$4,409,350 less than the original budgeted change in fund balance which had an increase of \$25,200.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the completion of the fiscal year ended June 30, 2025, the City had \$173.6 million invested in capital assets, net of accumulated depreciation of \$65.5 million, which was comprised of construction in progress, land, buildings, equipment, vehicles, and infrastructure.

	(in thousands)							
	Governmental Activities		Business-type Activities		City Court Activities		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Land	\$ 3,453	\$ 3,453	\$ 380	\$ 380	\$ -	\$ -	\$ 3,833	\$ 3,833
Construction in progress	4,136	666	3,367	7,315	-	-	7,503	7,981
Infrastructure	43,895	44,465	-	-	-	-	43,895	44,465
Buildings & improvements	14,200	13,350	29,326	26,031	-	-	43,526	39,381
Equipment	6,410	5,350	403	469	64	83	6,877	5,902
Right-of-use assets	1,915	1,278	550	646	-	-	2,465	1,924
Subscription assets	-	105	-	-	-	-	-	105
Total assets, net of depreciation and amortization	<u>\$ 74,009</u>	<u>\$ 68,667</u>	<u>\$ 34,026</u>	<u>\$ 34,841</u>	<u>\$ 64</u>	<u>\$ 83</u>	<u>\$ 108,099</u>	<u>\$ 103,591</u>

More detailed information about the City's capital assets is presented in Note 6 and 7 to the financial statements.

Long-term Liabilities

As of June 30, 2025, the City's long-term liabilities are comprised of the following:

	Governmental Activities				
	Balance as of 6/30/2024	Additions	Deductions	Balance as of 6/30/2025	Amount Due Within One Year
Net pension liability	\$ 15,777,576	\$ -	\$ 1,175,865	\$ 14,601,711	\$ -
OPEB liability	18,770,177	-	1,973,725	16,796,452	-
Lease payable	1,338,765	1,131,207	445,521	2,024,451	606,065
Subscription liability	85,483	-	85,483	-	-
Compensated absences	1,238,016	77,803	-	1,315,819	458,471
Public street bonds	4,090,000	-	750,000	3,340,000	780,000
Hotel occupancy tax bonds	330,000	-	105,000	225,000	110,000
Certificate of indebtedness	7,737,764	-	246,010	7,491,754	260,275
Total governmental activities	<u>\$ 49,367,781</u>	<u>\$ 1,209,010</u>	<u>\$ 4,781,604</u>	<u>\$ 45,795,187</u>	<u>\$ 2,214,811</u>
	Business-Type Activities				
	Balance as of 6/30/2024	Additions	Deductions	Balance as of 6/30/2025	Amount Due Within One Year
Net pension liability	\$ 2,984,458	\$ -	\$ 1,337,972	\$ 1,646,486	\$ -
Lease payable	677,640	274,942	378,819	573,763	137,461
Compensated absences	123,493	15,763	-	139,256	76,508
DEQ loans	8,053,000	-	739,000	7,314,000	747,000
Loan agreement	497,012	-	141,700	355,312	149,600
Total business-type activities	<u>\$ 12,335,603</u>	<u>\$ 290,705</u>	<u>\$ 2,597,491</u>	<u>\$ 10,028,817</u>	<u>\$ 1,110,569</u>

More detailed information about the City's long-term liabilities is presented in Notes 10, 11, and 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City's elected and appointed officials considered many factors when setting the fiscal year 2025 budget and tax rates, including the national, state, and local economies. The General Fund's revenue is budgeted to increase by 0.5% to \$21.3 million from the final 2025 budget of \$21.2 million primarily due to a budgeted decrease in intergovernmental grants and contributions. The City also anticipates tax revenue to increase by \$271,000 and licenses and permits to increase by \$120,000.

For the 2025 fiscal year, expenditures are expected to increase by 0.4% to \$21.3 million with the most significant increases budgeted in the public safety related functions. Fire services expenditures are expected to increase by \$376,000. The administration of the City has also made it a priority to continue street improvements and infrastructure projects to help guide the City's development with good, sound decisions.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Chief Financial Officer at (225) 654-0287 or 4700 Main St, Zachary, Louisiana, 70791.

CITY OF ZACHARY, LOUISIANA
BASIC FINANCIAL STATEMENTS

CITY OF ZACHARY, LOUISIANA

STATEMENT OF NET POSITION

June 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 2,873,207	\$ 1,377,292	\$ 4,250,499	\$ 286,508
Certificates of deposit	5,379,896	-	5,379,896	-
Receivables:				
Accounts, net	460,102	1,216,526	1,676,628	-
Sales tax	2,665,759	-	2,665,759	-
Other	1,074,310	253,810	1,328,120	-
Internal balances	12,352,804	(12,352,804)	-	-
Inventory	-	226,659	226,659	-
Prepays and other assets	97,268	158,967	256,235	-
Restricted assets:				
Customer utility deposits:				
Cash and cash equivalents	-	723,471	723,471	-
Certificate of deposit	-	1,000,000	1,000,000	-
Debt service:				
Cash and cash equivalents	5,929,708	1,399,520	7,329,228	-
Capital assets:				
Nondepreciable	7,589,082	3,746,679	11,335,761	-
Depreciable, net	64,505,303	29,728,843	94,234,146	64,336
Amortizable, net	1,914,775	550,752	2,465,527	-
Total assets	104,842,214	28,029,715	132,871,929	350,844
DEFERRED OUTFLOWS OF RESOURCES				
Other post-employment benefits	222,887	-	222,887	-
Pension liability	4,957,123	445,883	5,403,006	36,510
Total assets and deferred outflows of resources	\$ 110,022,224	\$ 28,475,598	\$ 138,497,822	\$ 387,354
LIABILITIES				
Accounts payable	\$ 993,456	\$ 1,228,278	\$ 2,221,734	\$ 407
Accrued expenses	254,276	27,621	281,897	-
Contracts payable	123,125	91,894	215,019	-
Customer utility deposits	-	1,686,251	1,686,251	-
Long-term liabilities:				
Due within one year	2,214,811	1,110,569	3,325,380	-
Due in more than one year	12,182,213	7,271,762	19,453,975	-
Other post-employment benefits liability	16,796,452	-	16,796,452	-
Net pension liability	14,601,711	1,646,486	16,248,197	236,236
Total liabilities	47,166,044	13,062,861	60,228,905	236,643
DEFERRED INFLOWS OF RESOURCES				
Other post-employment benefits	4,805,255	-	4,805,255	-
Pension liability	426,290	64,227	490,517	29,211
Total liabilities and deferred inflows of resources	52,397,589	13,127,088	65,524,677	265,854
NET POSITION (DEFICIT)				
Net investment in capital assets	60,804,830	25,691,305	86,496,135	64,336
Restricted	13,070,467	1,436,740	14,507,207	-
Unrestricted	(16,250,662)	(11,779,535)	(28,030,197)	57,164
Total net position (deficit)	57,624,635	15,348,510	72,973,145	121,500
Total liabilities, deferred inflows of resources, and net position	\$ 110,022,224	\$ 28,475,598	\$ 138,497,822	\$ 387,354

Notes on Exhibit A-9 are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2025

Functions/Programs	Program Revenues				Net Revenue (Expenses) and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,115,486	\$ 642,598	\$ 192,100	\$ -	\$ (2,280,788)	\$ -	\$ (2,280,788)	\$ -
Streets	4,316,670	-	149,934	539,135	(3,627,601)	-	(3,627,601)	-
Public safety	15,422,573	311,255	984,037	-	(14,127,281)	-	(14,127,281)	-
Sanitation	2,171,274	2,247,187	-	-	75,913	-	75,913	-
Recreation	649,500	321,039	-	1,853,206	1,524,745	-	1,524,745	-
Interest on long-term debt	741,450	-	-	-	(741,450)	-	(741,450)	-
Total governmental activities	26,416,953	3,522,079	1,326,071	2,392,341	(19,176,462)	-	(19,176,462)	-
Business-type activities:								
Utility operations	10,178,965	9,302,518	-	-	-	(876,447)	(876,447)	-
Total primary government	\$ 36,595,918	\$ 12,824,597	\$ 1,326,071	\$ 2,392,341	(19,176,462)	(876,447)	(20,052,909)	-
Component unit:								
Judicial services	\$ 1,001,858	\$ 1,044,762	\$ -	\$ -	-	-	-	42,904
General revenues:								
Taxes:								
Sales and use					17,907,163	-	17,907,163	-
Ad valorem					1,272,024	-	1,272,024	-
Franchise and other					14,732	-	14,732	-
Fees and commissions					1,736,719	-	1,736,719	-
Interest earnings					341,102	62,812	403,914	-
Pension revenue and other					1,998,436	-	1,998,436	-
Total general revenues					23,270,176	62,812	23,332,988	-
Change in net position					4,093,714	(813,635)	3,280,079	42,904
Net position - beginning of year					53,530,921	16,162,145	69,693,066	78,596
Net position - end of year					\$ 57,624,635	\$ 15,348,510	\$ 72,973,145	\$ 121,500

Notes on Exhibit A-9 are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2025

	Major Funds			Non-Major Fund	Total
	General Fund	Streets Improvement Fund	Debt Service - Streets Fund	Debt Service - Hotel Tax Fund	Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,303,816	\$ -	\$ -	\$ 569,391	\$ 2,873,207
Certificates of deposit	-	5,379,896	-	-	5,379,896
Sales tax receivable	1,813,982	813,490	-	38,287	2,665,759
Accounts receivable	460,102	-	-	-	460,102
Other receivables	1,074,310	-	-	-	1,074,310
Prepays	97,268	-	-	-	97,268
Restricted assets:					
Debt service:					
Cash and cash equivalents	-	5,929,708	-	-	5,929,708
Due from other funds	11,357,257	-	-	1,404,656	12,761,913
Total assets	\$ 17,106,735	\$ 12,123,094	\$ -	\$ 2,012,334	\$ 31,242,163
LIABILITIES					
Accounts payable	\$ 460,729	\$ 532,727	\$ -	\$ -	\$ 993,456
Accrued expenses	254,276	-	-	-	254,276
Contracts payable	-	123,125	-	-	123,125
Due to other funds	-	409,109	-	-	409,109
Total liabilities	715,005	1,064,961	-	-	1,779,966
FUND BALANCE					
Nonspendable	97,268	-	-	-	97,268
Restricted	-	11,058,133	-	2,012,334	13,070,467
Unassigned	16,294,462	-	-	-	16,294,462
Total fund balance	16,391,730	11,058,133	-	2,012,334	29,462,197
Total liabilities and fund balance	\$ 17,106,735	\$ 12,123,094	\$ -	\$ 2,012,334	\$ 31,242,163

Notes on Exhibit A-9 are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

June 30, 2025

Total net assets reported for governmental activities in the statement of net position is different because:

Total fund balance - governmental fund (Exhibit A-2)		\$	29,462,197
<p>Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental fund, net of accumulated depreciation and amortization, excluding amounts included in the internal service funds.</p>			
Nondepreciable assets	7,589,082		
Depreciable assets, net	64,505,303		
Amortizable assets, net	1,914,775		74,009,160
<p>The issuance of long-term debt (e.g. bonds, leases, SBITAs) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, payment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.</p>			
Compensated absences	(1,315,819)		
Bonds and certificate of indebtedness payable	(11,056,754)		
Lease liabilities	(2,024,451)		(14,397,024)
<p>Pension and other post-employment benefit related obligations are not due and payable with current resources and, therefore, are not reported in governmental funds.</p>			
Deferred outflows related to other post-employment benefits	222,887		
Deferred inflows related to other post-employment benefits	(4,805,255)		
Other post-employment benefits liability	(16,796,452)		
Deferred outflows related to pension liability	4,957,123		
Deferred inflows related to pension liability	(426,290)		
Net pension liability	(14,601,711)		(31,449,698)
Net position of governmental activities (Exhibit A)		\$	57,624,635

Notes on Exhibit A-9 are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the year ended June 30, 2025

	Major Funds			Non-Major Fund	Total
	General Fund	Streets Improvement Fund	Debt Service - Streets Fund	Debt Service - Hotel Tax Fund	Governmental Funds
REVENUES					
Taxes:					
Sales and use	\$ 12,671,740	\$ 5,008,910	\$ -	\$ 226,513	\$ 17,907,163
Ad valorem	1,272,024	-	-	-	1,272,024
Franchise and other	14,732	-	-	-	14,732
Intergovernmental	3,218,412	500,000	-	-	3,718,412
Charges for services:					
License and permits	622,785	-	-	-	622,785
Fines and forfeitures	311,255	-	-	-	311,255
Recreation services	321,039	-	-	-	321,039
Sanitation services	2,247,187	-	-	-	2,247,187
Other	19,813	-	-	-	19,813
Fees and commissions	1,736,719	-	-	-	1,736,719
Interest earnings	86,954	252,319	-	1,829	341,102
Miscellaneous and other	1,425,202	-	-	-	1,425,202
Total revenues	<u>23,947,862</u>	<u>5,761,229</u>	<u>-</u>	<u>228,342</u>	<u>29,937,433</u>
EXPENDITURES					
Current function:					
General government	4,312,323	-	-	1,848	4,314,171
Public safety	11,749,960	-	-	-	11,749,960
Streets	1,426,067	1,109,345	-	-	2,535,412
Sanitation	2,171,274	-	-	-	2,171,274
Recreation	567,531	-	-	-	567,531
Debt service:					
Principal	904,258	750,000	-	105,000	1,759,258
Interest	618,450	111,450	-	11,550	741,450
Capital outlay	4,918,092	4,567,942	-	-	9,486,034
Total expenditures	<u>26,667,955</u>	<u>6,538,737</u>	<u>-</u>	<u>118,398</u>	<u>33,325,090</u>
Excess (deficit) of revenues over expenditures	(2,720,093)	(777,508)	-	109,944	(3,387,657)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of lease liabilities	1,131,207	-	-	-	1,131,207
Proceeds from sale of capital assets	102,059	-	-	-	102,059
Total other financing sources (uses)	<u>1,233,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,233,266</u>
Net change in fund balance	(1,486,827)	(777,508)	-	109,944	(2,154,391)
FUND BALANCE (DEFICIT)					
Beginning of year, as previously presented	17,878,557	(11,487,540)	23,323,181	1,902,390	31,616,588
Change within financial reporting entity	-	23,323,181	(23,323,181)	-	-
End of year	<u>\$ 16,391,730</u>	<u>\$ 11,058,133</u>	<u>\$ -</u>	<u>\$ 2,012,334</u>	<u>\$ 29,462,197</u>

Notes on Exhibit A-9 are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2025

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balance - total governmental funds (Exhibit A-4)		\$ (2,154,391)
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeds depreciation and amortization expense.</p>		
Capital outlay	9,486,034	
Depreciation and amortization expense	<u>(3,835,025)</u>	5,651,009
<p>The net effect of various transactions involving capital assets, leases trade-ins, and donations, is to increase net position.</p>		
		(436,209)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, payment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.</p>		
Compensated absences	(77,803)	
Proceeds from issuance of lease liabilities	(1,131,207)	
Principal payments on debt, subscriptions, and leases	<u>1,759,258</u>	550,248
<p>Change in other post employment benefits obligations are reported only in the Statement of Activities</p>		
		795,982
<p>Change in net pension obligations are reported only in the Statement of Activities</p>		
		<u>(312,925)</u>
Change in net position of governmental activities (Exhibit A-1)		<u>\$ 4,093,714</u>

Notes on Exhibit A-9 are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2025

	<u>Utility Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,377,292
Receivables:	
Accounts, net	1,216,526
Other	253,810
Prepaid expenses	158,967
Inventory	<u>226,659</u>
Total current assets	3,233,254
Restricted cash:	
Customer deposits:	
Cash and cash equivalents	723,471
Certificate of deposit	1,000,000
Debt service:	
Cash and cash equivalents	1,399,520
Capital assets:	
Nondepreciable	3,746,679
Depreciable, net	29,728,843
Lease assets, net	<u>550,752</u>
Total assets	40,382,519
DEFERRED OUTFLOWS OF RESOURCES - NET PENSION LIABILITY	<u>445,883</u>
Total assets and deferred outflows of resources	<u>\$ 40,828,402</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,228,278
Accrued expenses	27,621
Contracts payable	91,894
Due to other funds	12,352,804
Customer utility deposits	1,686,251
Long-term liabilities - due within one year	<u>1,110,569</u>
Total current liabilities	16,497,417
Long-term liabilities - non-current:	
Long-term liabilities - due in more than one year	7,271,762
Net pension liability	<u>1,646,486</u>
Total non-current liabilities	<u>8,918,248</u>
Total liabilities	25,415,665
DEFERRED INFLOWS OF RESOURCES - NET PENSION LIABILITY	<u>64,227</u>
Total liabilities and deferred inflows of resources	<u>25,479,892</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	25,691,305
Restricted	1,436,740
Unrestricted	<u>(11,779,535)</u>
Total net position	<u>15,348,510</u>
Total liabilities and net position	<u>\$ 40,828,402</u>

Notes on Exhibit A-9 are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND**

For the year ended June 30, 2025

	Utility Fund
OPERATING REVENUES	
Charges for services:	
Natural gas	\$ 3,024,581
Water	3,374,524
Sewer	1,627,193
Late fees	255,942
Other revenues	1,020,278
Total operating revenues	9,302,518
OPERATING EXPENSES	
Depreciation and amortization	2,395,442
Natural gas department	2,013,197
Water department	2,024,631
General and administrative	1,612,289
Sewer department	1,130,491
Warehouse	372,753
Cashiers and billing	258,435
Meters	238,667
Total operating expenses	10,045,905
Operating loss	(743,387)
NONOPERATING REVENUES (EXPENSES)	
Interest earnings	62,812
Loss on disposal of capital assets	(1,502)
Interest expense	(131,558)
Total nonoperating, net	(70,248)
Change in net position	(813,635)
NET POSITION	
Beginning of year	16,162,145
End of year	\$ 15,348,510

Notes on Exhibit A-9 are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS**

For the year ended June 30, 2025

	Public Utility Fund
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 8,401,298
Payments to suppliers	(4,940,856)
Payments to employees	(2,204,485)
	<u>1,255,957</u>
Net cash provided by operating activities	<u>1,255,957</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	
Net borrowings from other funds	<u>1,331,968</u>
Net cash provided by noncapital financing activities	<u>1,331,968</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,580,744)
Loss on disposals	(1,502)
Principal payment on bonds	(880,700)
Interest payment on bonds	(91,442)
Principal payment on leases	(103,877)
Interest payment on leases	(40,116)
	<u>(2,698,381)</u>
Net cash used by capital and related financing activities	<u>(2,698,381)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of certificate of deposit	3,000,000
Proceeds from sale of investments	(3,000,000)
Interest income	62,812
	<u>62,812</u>
Net cash provided by investing activities	<u>62,812</u>
Net decrease in cash	(47,644)
CASH	
Beginning of period	<u>3,547,927</u>
End of period	<u>\$ 3,500,283</u>
RECONCILIATION OF CASH	
Cash and cash equivalents	\$ 1,377,292
Restricted cash and cash equivalents	<u>2,122,991</u>
Total cash and cash equivalents	<u>\$ 3,500,283</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (743,387)
Adjustments for to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	2,395,442
Change in deferred outflows, deferred inflows, net pension liability, and other post employment benefit liability	(819,289)
Change in operating assets and liabilities:	
Accounts receivable	(13,474)
Accounts payable	785,823
Accrued expenses	(604,017)
Contracts payable	91,894
Customer utility deposits	100,965
Inventory	2,500
Prepaid expenses	43,737
Compensated absences	15,763
	<u>1,255,957</u>
Net cash provided by operating activities	<u>\$ 1,255,957</u>

Notes on Exhibit A-9 are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Zachary (City) was established in 1889 and is a political subdivision of the State of Louisiana. The City operates under a Home Rule Charter that provides for a mayor-council form of government. Five Council members are elected from separate districts at large, and they are compensated for their services. As authorized by its charter, the City is responsible for providing public safety, highways and streets, sanitation, recreation, public improvements, and general government services to its approximately 21,104 inhabitants as of 2024, with its boundaries located in East Baton Rouge Parish.

Statement Presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The significant accounting policies established in GAAP and used by the City are described below.

Reporting Entity

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

The criteria for determining which component units should be considered part of the City for financial reporting purposes are as follows:

1. Legal status of the potential component unit.
2. Appointing a voting majority of an organization's governing body and,
 - a. The ability of the City to impose its will on that organization and/or,
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
3. Organizations for which the City does not appoint a voting majority but which are fiscally dependent on the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

4. Organizations for which the reporting entity financial statements would be misleading if data of the Organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the City and its component unit. The component unit included in the accompanying financial statements is discretely presented.

Discretely Presented Component Unit

Component units that are legally separate from the municipality but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be misleading or incomplete are discretely presented. The component unit is report in a separate column to emphasize that it is legally separate from the municipality.

The City has one component unit, City Court of Zachary (City Court), which is defined by GASB Statement No. 61, codified into Section 2100, *Defining the Financial Reporting Entity*, as another legally separate organization for which the elected City officials are financially accountable for.

Basis of Presentation

The City's basic financial statements consist of the government-wide statements of the primary government (the City) and the fund financial statements (individual major funds and combined non-major funds). The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the City. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. *Governmental activities* generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. *Business type activities* are financed in whole or part by fees charged to charged to external parties for utility services provided. The City provides sewer services, natural gas services, and water services. These services are classified as business-type activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund types are summarized into a single column in the basic financial statements.

The daily operations of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The City does not have any fiduciary funds.

A fund is considered major if it is the primary operating fund of the City (the General Fund) or meets the following criteria:

- Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expense of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expense of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

If a fund does not meet the criteria above, it is classified as a nonmajor fund according to governmental reporting standards. The City may elect to report a nonmajor fund as a major fund in the financial statements based on the nature of fund operations or if the City considers the fund to be an integral component to its operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds of the primary government presented in the financial statements are described as follows:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the City are accounted for through governmental funds. Measurement is focused upon determining changes in financial position, rather than net income. The following are the governmental fund types of the City:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned to expenditures for specified purposes. The special revenue fund that is considered a major fund is the Streets Improvement Fund. The Streets Improvement Fund accounts for the collection and expenditure of a one cent sales tax, which is restricted to street improvement and maintenance.

Debt Service Funds - Debt service funds are used to account for transactions relating to resources retained and used for the payment of principal, interest, and related cost on long-term debt. The Debt Service - Streets Fund was combined with the Streets Improvement Fund to clearly present streets improvements and maintenance costs alongside debt obligations these projects are funded by.

Proprietary Fund Types

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Proprietary Fund Types (Continued)

Enterprise Funds - Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's Proprietary Fund is an enterprise fund type and is considered a major fund.

Basis of Accounting and Measurement Focus

Government-wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Program revenues for governmental activities include charges for services, fines, commissions, intergovernmental operating and capital grants, and licenses and permits.

Fund financial statements

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

Governmental funds are maintained on the modified accrual basis of accounting. Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, commissions, and other miscellaneous revenues are recorded as earned since they are measurable and available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (Continued)

Fund financial statements (Continued)

Nonexchange transactions, in which the City receives value without directly giving value in return, include sales and use tax, ad valorem (property) tax, occupancy tax and intergovernmental operating and capital grants. All taxes are recorded when in possession of the intermediary collecting agent and are recognized as revenue at that time and subject to the availability criteria. Intergovernmental operating and capital grants are recorded as revenue when the City is entitled to the funds, generally corresponding to when grant related costs are incurred by the City, but subject to the availability criteria.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt which is recognized when due, and (2) claims and judgments, and compensated absences which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

Cash, Cash Equivalents, and Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The investment policy of the City is governed by state statutes that include depository and custodial contract provisions. The City invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, corporate stocks, and fully collateralized interest-bearing checking accounts and certificates of deposit.

Other provisions require depositories to insure or collateralize all deposits in accordance with state statutory law and require securities collateralizing deposits to be held by an independent third party with whom the City has a custodial agreement.

Investments are stated at fair value. Unrealized gains and losses on investments recorded at fair value are included in investment income or losses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. For governmental activities, uncollectible amounts due for receivables and due from other governments are recognized as bad debts through the use of an allowance account or expensed at the time information becomes available indicating that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. In business-type activities, uncollectible amounts due from utility billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. An allowance for doubtful accounts of \$40,000 was recorded at June 30, 2025.

Inventory

Inventory of supplies in the proprietary fund is valued at cost (first in, first out method). Purchases of operating supplies by governmental fund types are recorded as expenditures when purchased. Inventories of such supplies are not recorded and are not considered by management to be material.

Leased Asset Receivable

Leased asset receivables are a result of leases in which the City has entered into a contract with a lessee that delivers the right to use a nonfinancial asset of the City as specified by the contract for a period of time in an exchange or exchange-like transaction. Such receivables are reported on the government-wide financial statements at present value of the lease payments to be received during the lease term.

Additionally, the City would recognize a deferred inflow of resources that is reported at the value of the lease receivable plus any payments received at or before the commandment of the lease for future periods. Assets of the agreement entered into in which the City is the lessor are retained as capital assets of the City and are reported in the government-wide financial statements as described under capital assets. The City has not entered into any agreements delivering control of a right to use a nonfinancial asset to a lessee as described above during the year ended June 30, 2025.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures when consumed, rather than when purchased.

Restricted Assets

Restricted assets represent amounts that are legally restricted as to their use. These amounts are related to the customers' utility deposits accounts and amount required to be maintained under debt agreements.

Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds. Those related to short-term borrowings are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund Transfers

Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts. There were no interfund transfers reported between the City's funds during the fiscal year ended June 30, 2025.

Deferred Outflows and Inflows of Resources

Government-wide Statements

In addition to assets in the government-wide financial statements, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The City has two items that qualify for this category, which is other post-employment benefits and pension liability, which are reported in the government-wide statements.

In addition to liabilities in the government-wide financial statements, the Statement of Net Position may report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) at that time. The City has two items that qualify for this category, other post-employment benefits and pension liability, which are reported in the government-wide statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources (Continued)

Fund Financial Statements

In the fund financial statements, unavailable revenues are accounted as deferred inflows of resources. This item is reported only in the governmental funds balance sheet. The amounts deferred are recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, long-term assets are accounted for as capital assets, which include land, buildings and improvements, equipment, vehicles and infrastructure assets (streets, roads, bridges and drainage systems). All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The City's capitalization policy stipulates a capitalization threshold of \$5,000.

Donated capital assets are recorded at estimated acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized at the completion of construction projects.

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

Prior to the implementation of GASB No. 34 the infrastructure assets of the City's governmental funds were capitalized but not depreciated. These assets are comprised of the streets maintained by the City and have been valued at estimated historical cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Government-wide Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is computed using the straight-line method of depreciation over the asset's estimated useful life, as follows:

Buildings & improvements	35-40 years
Sewerage system	25-35 years
Gas system	35 years
Water system	12-35 years
Office equipment	5-10 years
Machinery and equipment	5-10 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are not capitalized. Instead, capital acquisition and construction are reflected as expenditures in the governmental funds. Capital assets used in proprietary fund operations are accounted for in the same manner as in government-wide statements. Property, plant, and equipment used by the proprietary funds are stated at cost. Interest costs incurred during construction periods are capitalized. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method.

Right-of-Use Lease Assets

Right-of-use assets are a result of leases in which the City has entered into a contract with a lessor that conveys control of the right to use the lessor's nonfinancial asset as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statement net of amortization. Right-of-use assets are amortized at the lesser of the useful life or lease term.

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITA) are contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statement net of amortization as subscription assets. SBITAs are amortized during the extent of the agreement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The City has the following policy relating to vacation and sick leave:

The full time employees of the City earn up to 240 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 240 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 480 hours plus the vacation hours earned up to the date of termination.

Police department 12-hour shift employees earn up to 300 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 240 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 540 hours plus the vacation hours earned up to the date of termination.

Police department 10-hour shift employees earn up to 270 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 240 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 510 hours plus the vacation hours earned up to the date of termination.

Fire department employees earn up to 432 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 432 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 864 hours plus the vacation hours earned up to the date of termination.

Fire department day shift employees, similar to the full time employees of the City, earn up to 240 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 240 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 480 hours plus the vacation hours earned up to the date of termination.

Municipal employees (not including police and fire) earn varying amounts of sick leave each year depending on their length of service and employment status. Maximums are set for accumulation of sick leave with even more restrictive limits established for post-retirement benefits.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

As defined by GASB Statement No. 101, *Compensated Absences*, the City records a liability for earned vacation and sick leave and reflect the liability for this on the government-wide financial statements. In the government-wide and proprietary fund financial statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. No compensated absences liability is recorded on the governmental funds financial statements.

Pensions

The City is a participating employer in multiple cost-sharing, multiple-employer defined benefit pension plans as described in Note 10. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Other Post-Employment Benefits (OPEB)

The City's defined benefit postemployment health care plan provides OPEB to eligible retired employees as described in Note 11. Medical and dental benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The City recognized the cost of providing these retiree benefits as expenditures in the General Fund when paid during the year.

No assets are accumulated in a trust that meets the criteria in GASB Codification P52, *Postemployment Benefits Other Than Pensions-Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit*.

Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets—consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance the acquisition of those assets.
- Restricted net position—consists of net position that is restricted by the City's creditors (for example, through debt covenants), by state or local enabling legislation (through restrictions on shared revenues or taxes), by grantors, and by other contributors.
- Unrestricted—all other net position is reported in this category.

In the government-wide net position, restricted resources available for use will be depleted prior to use of unrestricted resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- **Nonspendable**—Amounts that cannot be spent either because they are nonspendable in form or because they are legally or contractually required to be maintained intact.
- **Restricted**—Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed**—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance.
- **Assigned**—Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by City Council.
- **Unassigned**—All amounts not included in other spendable classifications. The General Fund is the only fund that can have a positive unassigned fund balance.

Use of Restricted Resources

When expenditures are incurred in governmental funds, the City's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Assigned fund balance,
3. Committed fund balance, and
4. Unassigned fund balance

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Mayor to the City Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to adoption of the budget. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

The annual operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments, involving the transfer of funds from one department or involving increases in expenditures resulting from revenues exceeding amounts, are approved by the City Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent period. Such designation represents the extent to which the fund balance is used to balance the subsequent period's operating budget of that fund, as reflected in the legally adopted budget.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period.

Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts, depreciation, amortization, intergovernmental grant receivables and related unearned grant revenue, deferred outflows and inflows, net pension liability, OPEB liability, and lease and subscription liabilities.

Current Accounting Standards Implemented

During the fiscal year, the City implemented policies under GASB Statement No. 102, *Certain Risk Disclosures*. This Statement establishes disclosure requirements regarding concentrations and constraints that could expose a government to certain risks of loss or limit its ability to provide services or meet obligations. Disclosures are required when (1) a concentration or constraint is known to the government prior to the issuance of the financial statements, (2) the concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact, and (3) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This Statement has no impact on the City's financial statements for the year ended June 30, 2025.

Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 29, 2025, which was the date the financial statements were available to be issued. See Note 17.

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits

At June 30, 2025, the carrying amount of the City’s deposits totaled \$18,969,602 and the related bank balances were \$19,787,853. These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. Additionally, state law requires that deposits be fully secured. At June 30, 2025, the City’s had the following security on deposits:

	Primary Government			City Court
	Cash	Certificates of Deposit	Total	Cash
Deposits per Balance Sheet	\$ 12,303,198	\$ 6,379,896	\$ 18,683,094	\$ 286,508
Deposits in bank accounts per bank	13,051,912	6,379,896	19,431,808	356,045
Amount insured by the FDIC			401,756	208,188
Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the City's name			25,722,390	147,856
Excess of FDIC insurance and pledged securities			\$ 6,692,338	\$ -

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB No. 3, Louisiana Revised Statute (R.S.) 39: 1229 imposes a statutory requirement on the custodial bank to advertised and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

Investments (Certificates of Deposit)

Investments of the City consist of certificates of deposit. These securities are stated at their fair value as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The City used quoted market values to determine fair value of the investments.

Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City invests in certificates of deposits that are backed by FDIC and pledged securities, and U.S. government securities. The City has adopted the state investment policy at LA R.S. 49:327 and does not have any other policy that would further limit the investment choices. As of June 30, 2025, all of the City’s investment balances were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution’s trust department or agent, but not in the entity’s name.

Concentration of Credit Risk – The City’s investment policy does not limit the amount the City may invest in any one issuer.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest Rate Risk – The City has no formal investment policy but has adopted the state investment policy at LA R.S. 49:327. The City invests in investments with maturities limited to five-year as means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2025, the City had the following investments and maturities:

Description	Interest Rate	Maturity Date	Fair Value
Certificate of deposit	3.91%	12/29/2025	\$ 1,000,000
Certificate of deposit	3.91%	10/25/2025	1,085,412
Certificate of deposit	3.65%	6/29/2026	3,257,132
Certificate of deposit	3.96%	7/25/2025	<u>1,037,352</u>
Total certificate of deposits			<u>\$ 6,379,896</u>

The City did not have Level 2 or 3 assets at June 30, 2025.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2025 were as follows:

	Amount
Sales and use taxes	\$ 2,665,759
Utility charges, net	1,216,526
Garbage charges	460,102
Sale of electricity	288,264
Sale of insurance	124,092
Intergovernmental	616,754
Other	<u>299,010</u>
Total primary government	<u>\$ 5,670,507</u>

NOTE 4 - AD VALOREM TAXES

Ad valorem taxes are levied and are billed to the taxpayers in December of each year. Billed ad valorem taxes become delinquent on January 1st of the following calendar year. If ad valorem taxes are unpaid by June 30, the property is offered at a tax sale, thirty days after the tax sale a lien is placed on the property.

NOTE 4 - AD VALOREM TAXES (CONTINUED)

The East Baton Rouge Parish Sheriff's office bills and collects the property taxes for the City using the assessed values determined by the tax assessor of East Baton Rouge Parish. For the 2024 calendar year, taxes of 5.07 mills (5.48 mills authorized) were levied on property with assessed valuations totaling \$232,941,311 and were available for general purposes.

Ad valorem taxes collected totaled \$1,272,024 as of June 30, 2025.

NOTE 5 - RESTRICTED ASSETS - PROPRIETARY FUND

Customer deposits are paid by customers upon application of utility services and are returnable to them upon termination of services. The City maintains an interest-bearing account and a certificate of deposit which are designated specifically for meter deposits. At June 30, 2025, customer deposits amounted to \$1,723,471.

Certain resources are set aside for repayment of bond indebtedness and are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable bond ordinances. The following schedule summarizes the current year transactions in the major categories of these restricted accounts:

	Utility Revenue Bond Debt Service Fund	Utility Revenue Bond Service Reserve Fund	Depreciation and Contngency Fund	Totals
Beginning balance, July 1,2024	\$ 674,386	\$ 431,947	\$ 503,866	\$ 1,610,199
Add:				
Transfers from utility checking	816,000	-	-	816,000
Interest earned	<u>12,752</u>	<u>9,836</u>	<u>1,426</u>	<u>24,014</u>
Total funds available	<u>\$ 1,503,138</u>	<u>\$ 441,783</u>	<u>\$ 505,292</u>	<u>\$ 2,450,213</u>
Less:				
Transfers to general fund	(238,700)	-	-	(238,700)
Bond principal and interest payments	<u>(811,993)</u>	<u>-</u>	<u>-</u>	<u>(811,993)</u>
Ending balance June 30, 2025	<u>\$ 452,445</u>	<u>\$ 441,783</u>	<u>\$ 505,292</u>	<u>\$ 1,399,520</u>

NOTE 5 - RESTRICTED ASSETS - PROPRIETARY FUND (CONTINUED)

Total restricted assets of the Proprietary Fund were applicable to the following at June 30, 2025:

	2025
Customer deposits accounts:	
Cash and cash equivalents	\$ 723,471
Certificate of deposit	1,000,000
Utility revenue bond:	
Cash and cash equivalents	1,399,520
Total	\$ 3,122,991

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets for governmental activities for the year ended June 30, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 3,452,765	\$ -	\$ -	\$ 3,452,765
Construction in progress	666,822	4,567,942	1,098,447	4,136,317
Total capital assets not being depreciated	4,119,587	4,567,942	1,098,447	7,589,082
Capital assets being depreciated				
Buildings and improvements	17,407,475	1,318,002	-	18,725,477
Equipment	17,106,019	2,468,883	2,388,935	17,185,967
Infrastructure	54,423,502	1,098,447	-	55,521,949
Total capital assets being depreciated	88,936,996	4,885,332	2,388,935	91,433,393
Total capital assets	93,056,583	9,453,274	3,487,382	99,022,475
Less accumulated depreciation for:				
Buildings and improvements	4,057,953	467,727	-	4,525,680
Equipment	11,756,358	968,891	1,949,738	10,775,511
Infrastructure	9,958,908	1,667,991	-	11,626,899
Total accumulated depreciation	25,773,219	3,104,609	1,949,738	26,928,090
Depreciable capital assets, net	63,163,777	1,780,723	439,197	64,505,303
Total capital assets, net	\$ 67,283,364	\$ 6,348,665	\$ 1,537,644	\$ 72,094,385

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2025 was charged to the various departments as follows:

Function	Depreciation
General government	\$ 213,399
Streets	1,711,841
Public safety	1,147,636
Recreation	31,733
Total Depreciation	\$ 3,104,609

A summary of the changes for the City Court is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
City Court:				
Capital assets being depreciated				
Equipment	\$ 482,129	\$ -	\$ -	\$ 482,129
Less accumulated depreciation for:				
Equipment	399,404	18,389	-	417,793
Total capital assets, net	\$ 82,725	\$ (18,389)	\$ -	\$ 64,336

Depreciation expense for the year ended June 30, 2025 for the City Court totaled \$18,389.

(Continued)

NOTE 6 - CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for business-type activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 380,118	\$ -	\$ -	\$ 380,118
Construction in progress	<u>7,315,000</u>	<u>1,253,331</u>	<u>5,201,770</u>	<u>3,366,561</u>
Total capital assets not being depreciated	<u>7,695,118</u>	<u>1,253,331</u>	<u>5,201,770</u>	<u>3,746,679</u>
Capital assets being depreciated				
Buildings and improvements	58,376,103	5,369,845	-	63,745,948
Equipment	<u>2,867,879</u>	<u>151,732</u>	<u>265,481</u>	<u>2,754,130</u>
Total capital assets being depreciated	<u>61,243,982</u>	<u>5,521,577</u>	<u>265,481</u>	<u>66,500,078</u>
Total capital assets	<u>68,939,100</u>	<u>6,774,908</u>	<u>5,467,251</u>	<u>70,246,757</u>
Less accumulated depreciation for:				
Buildings and improvements	32,345,058	2,074,813	-	34,419,871
Equipment	<u>2,398,896</u>	<u>200,921</u>	<u>248,453</u>	<u>2,351,364</u>
Total accumulated depreciation	<u>34,743,954</u>	<u>2,275,734</u>	<u>248,453</u>	<u>36,771,235</u>
Depreciable capital assets, net	<u>26,500,028</u>	<u>3,245,843</u>	<u>17,028</u>	<u>29,728,843</u>
Total capital assets, net	<u>\$ 34,195,146</u>	<u>\$ 4,499,174</u>	<u>\$5,218,798</u>	<u>\$ 33,475,522</u>

Depreciation expense for the year ended June 30, 2025 for business-type activities totaled \$2,275,734.

NOTE 7 - LEASES AND SUBSCRIPTION-BASED ASSETS AND LIABILITIES (SBITAS)

The City has right-of-use leased assets for vehicles and equipment for the police and fire departments as well as the utility departments.

The governmental activities have an operating lease liability of \$2,024,451 as of June 30, 2025 with a total of \$606,065 maturing within the next year.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Right-of-use assets, amortizable:				
ROU lease asset - vehicles	\$ 1,988,367	\$ 1,131,207	\$ -	\$ 3,119,574
ROU lease asset - equipment	33,063	-	-	33,063
ROU asset - SBITA	388,581	-	-	388,581
Right-of-use assets, gross	<u>2,410,011</u>	<u>1,131,207</u>	<u>-</u>	<u>3,541,218</u>
Less accumulated amortization for:				
ROU lease asset - vehicles	712,374	622,656	130,231	1,204,799
ROU lease asset - equipment	31,005	2,058	-	33,063
ROU lease asset - SBITA	282,880	105,701	-	388,581
Total accumulated amortization	<u>1,026,259</u>	<u>730,415</u>	<u>130,231</u>	<u>1,626,443</u>
Right-of-use assets, amortizable, net	<u>\$ 1,383,752</u>	<u>\$ 400,792</u>	<u>\$ 130,231</u>	<u>\$ 1,914,775</u>
ROU lease liability - vehicles	\$ 1,328,721	\$ 1,131,207	\$ 435,477	\$ 2,024,451
ROU lease liability - equipment	10,044	-	10,044	-
ROU lease liability - SBITA	85,483	-	85,483	-
Total ROU lease liability	<u>\$ 1,424,248</u>	<u>\$ 1,131,207</u>	<u>\$ 531,004</u>	<u>\$ 2,024,451</u>

NOTE 7 - LEASES AND SBITAS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Right-of-use assets, amortizable:				
ROU lease asset - vehicles	\$ 917,090	\$ 274,942	\$ 449,675	\$ 742,357
Less accumulated amortization for:				
ROU lease asset - vehicles	271,264	119,708	199,367	191,605
Right-of-use assets, amortizable, net	\$ 645,826	\$ 155,234	\$ 250,308	\$ 550,752
 ROU lease liability - vehicles	 \$ 677,640	 \$ 274,942	 \$ 378,819	 \$ 573,763

The business-type activities have an operating lease liability of \$573,763, with \$137,461 maturing within the next year.

Future maturities of the lease liability as of June 30, 2025 is as follows:

Year ending June 30,	Governmental		Business Type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 606,065	\$ 144,791	\$ 137,461	\$ 41,994	\$ 743,526	\$ 186,785
2027	522,851	98,666	144,401	30,494	667,252	129,161
2028	502,472	55,312	143,640	18,346	646,112	73,658
2029	367,250	17,228	112,686	7,516	479,936	24,743
2030	25,813	693	35,575	1,298	61,388	1,990
Thereafter	-	-	-	-	-	-
	\$ 2,024,451	\$ 316,690	\$ 573,763	\$ 99,648	\$ 2,598,214	\$ 416,337

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

The interfund receivables and payables of the primary government at June 30, 2025 were as follows:

Individual Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General Fund	\$ 11,357,257	\$ -
Streets Improvement Fund	-	409,109
Non-Major Fund:		
Debt Service - Hotel Fund	1,404,656	-
Enterprise Fund:		
Proprietary Fund	-	12,352,804
Total primary government	\$ 12,761,913	\$ 12,761,913

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year.

Solid Waste Contract

The City has a contract with a private contractor to perform the work required to collect and dispose of all residential solid waste for all residential units of the City. This contract was established for a five-year term on September 1, 2020 and is set to terminate on September 1, 2025. There is an additional option to extend for another five years included in this contract. Each year on the first of September, the contract price is adjusted to take inflation into account. For the fiscal year ended June 30, 2025, the City paid \$1,866,045 the contractor for the collection and disposal services.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Cooperative Endeavor Agreements (CEAs)

The City entered a CEA with the City of Baton Rouge/East Baton Rouge Parish (the City/Parish) on December 12, 2013. The City/Parish agreed to reimburse the City for the actual third-party cost of the roadway work from the Green Light Program in the amount of \$500,000 in annual installments.

The City entered a CEA with the State of Louisiana Department of Transportation and Development (the State) on December 10, 2020. The State transferred ownership of portions of state route LA-1209 and LA-64 roads, which were valued at \$8,982,422. The agreement is still in effect as of June 30, 2025.

Construction Contracts

At June 30, 2025, the City had outstanding commitments resulting from the construction contracts in progress of \$379,510.

Grants

The City receives federal, state, and local grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of City management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

During the year ended June 30, 2025, the City spent a total of \$1,754,910 in federal funds. Of the total amount of funds spent, \$1,712,194 of these funds were received from the East Baton Rouge ARPA Program.

NOTE 10 - PENSION PLANS

The City is a participating employer in several cost-sharing defined benefit pension plans. These plans are administered by four public employee retirement systems: the Municipal Employees' Retirement System of Louisiana, the Municipal Police Employees' Retirement System, the Firefighters' Retirement System, and Louisiana State Employees' Retirement System. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the District to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

MERS: 7937 Office Park Blvd. | Baton Rouge, LA 70809 | www.mersla.com

MPERS: 7722 Office Park Blvd., Ste. 200 | Baton Rouge, LA 70809 | www.lampers.org

FRS: 3100 Brentwood Dr. | Baton Rouge, LA 70809 | www.lafrs.org

LASERS: 8401 United Plaza Blvd. | Baton Rouge, LA 70809 | www.lasersonline.org

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68*. These standards require the City to record its proportional share of each of the pension plans net pension liability and report the following disclosures:

Plan Descriptions

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana.

The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system, and which elect to become members of the System. The City is a participant in Plan A only.

(Continued)

NOTE 10 - PENSION PLANS (CONTINUED)

Plan Descriptions (Continued)

Municipal Police Employees' Retirement System of Louisiana (MPERS)

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers.

Firefighters' Retirement System (FRS)

The Firefighters' Retirement System (FRS) is a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability, and survivor benefits to firefighters in Louisiana.

Louisiana State Employees' Retirement System (LASERS)

The Louisiana State Employees' Retirement System (LASERS) was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Both the City and City Court have employees participating in LASERS.

Funding Policy

Article X, Section 29 (2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the District to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

The City's net pension liabilities are liquidated through the General Fund or Proprietary Fund, with the City Court's net pension liability is liquidated through the City Court's fund. Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll.

NOTE 10 - PENSION PLAN (CONTINUED)

Funding Policy (Continued)

The contribution rates in effect as of the year ended June 30, 2025, for the City, City Court and covered employees were as follows:

	City	Employees
Municipal Employees' Retirement System Plan A		
Members hired prior to 01/01/2013	29.50%	10.00%
Members hired after 01/01/2013	29.50%	10.00%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	33.93%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.93%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	36.43%	7.50%
Firefighters' Retirement System		
Employees receiving compensation above poverty guidelines of US Department of Health	33.25%	10.00%
Employees receiving compensation below poverty guidelines of US Department of Health	35.25%	8.00%
Louisiana State Employees' Retirement System		
Judges hired before 1/1/2011	45.80%	11.50%
Judges hired on or after 1/1/2011	44.70%	13.00%
Judges hired on or after 7/1/2015	44.70%	13.00%

Non-employer contributions to MERS, MPERS, FRS, and LASERS by the City for the plan year ended June 30, 2025 was \$111,945, \$192,888, \$313,463, and \$114, respectively and is reflected in the Statement of Activities.

Non-employer contributions to LASERS by the City Court for the plan year ended June 30, 2025 was \$1,307 and is reflected in the Statement of Activities.

NOTE 10 - PENSION PLAN (CONTINUED)

Funding Policy (Continued)

The contributions made to the Systems for the past three fiscal years by the City, which equaled the required contributions for each of these years, were as follows:

Plan	2025	2024	2023
Municipal Employees' Retirement System (Plan A)	\$ 836,005	\$ 821,994	\$ 793,700
Municipal Police Employees' Retirement System	996,987	886,832	774,454
Firefighters' Retirement System	1,055,080	960,533	836,554
Louisiana State Employees' Retirement System	<u>3,403</u>	<u>3,970</u>	<u>4,089</u>
	<u>\$2,891,475</u>	<u>\$2,673,329</u>	<u>\$2,408,797</u>

The contributions made to the System for the past three fiscal years by the City Court, which equaled the required contributions for each of these years, were as follows:

	2025	2024	2023
Louisiana State Employees' Retirement System	<u>\$ 34,859</u>	<u>\$ 45,068</u>	<u>\$ 36,527</u>

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

The following schedule lists the City's proportionate share of the net pension liability allocated by each of the pension plans based on the June 30, 2024 measurement date. The City uses this measurement to record its net pension liability and associated amounts as of June 30, 2025 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2025, along with the change compared to the June 30, 2024 rate. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

NOTE 10 - PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Net Pension Liability at June 30, 2025	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS - governmental activities	\$ 2,202,558	1.36782%	1.33864%	0.02918%
MERS - business-type activities	1,646,486	1.36782%	1.33864%	0.02918%
MPERS	6,718,412	0.74155%	0.73130%	0.01025%
FRS	5,660,348	1.00529%	0.93724%	0.06805%
LASERS	<u>20,393</u>	0.00039%	0.00039%	0.00000%
Total	<u>\$ 16,248,197</u>			

The following schedule lists the City Court's proportionate share of the net pension liability allocated by each of the pension plans based on the June 30, 2025 measurement date.

	Net Pension Liability at June 30, 2025	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
LASERS	<u>\$ 236,236</u>	0.00434%	0.00426%	0.00008%

The following schedule list each pension plan's recognized pension expense of the City for the year ended June 30, 2025:

	Total
Municipal Employees' Retirement - governmental activities	\$ 289,584
Municipal Employees' Retirement - business-type activities	216,473
Municipal Police Employees' Retirement	1,192,936
Firefighters Retirement System	1,336,615
Louisiana State Employees' Retirement System	<u>2,095</u>
Total	<u>\$ 3,037,703</u>

The pension plan recognized pension expense for the City Court for the year ended June 30, 2025 of \$29,998 for LASERS.

NOTE 10 - PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Summary totals of deferred inflows of resources for the primary government by pension plan:

	MERS - governmental activities	MERS - business-type activities	MPERS
Deferred inflows of resources:			
Differences between expected and actual experience	\$ 72,915	\$ 54,506	\$ 203,234
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	13,004	9,721	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-
Differences between allocated and actual contributions	-	-	-
Employer contributions subsequent to the measurement date	-	-	-
Total	<u>\$ 85,919</u>	<u>\$ 64,227</u>	<u>\$ 203,234</u>
Deferred inflows of resources:	FRS	LASERS	Total
Differences between expected and actual experience	\$ 134,616	\$ 90	\$ 465,361
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,431	25,156
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-
Differences between allocated and actual contributions	-	-	-
Employer contributions subsequent to the measurement date	-	-	-
Total	<u>\$ 134,616</u>	<u>\$ 2,521</u>	<u>\$ 490,517</u>

NOTE 10 - PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Summary totals of deferred outflows of resources for the primary government by pension plan:

	MERS - governmental activities	MERS - business-type activities	MPERS
Deferred outflows of resources:			
Differences between expected and actual experience	\$ -	\$ -	\$ 363,753
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	29,663	22,175	186,767
Changes in proportion and differences between employer contributions and proportionate share of contributions	88,416	66,094	116,563
Differences between allocated and actual contributions	-	-	-
Employer contributions subsequent to the measurement date	<u>478,391</u>	<u>357,614</u>	<u>996,987</u>
Total	<u>\$ 596,470</u>	<u>\$ 445,883</u>	<u>\$ 1,664,070</u>
Deferred outflows of resources:	<u>FRS</u>	<u>LASERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 424,963	\$ -	\$ 788,716
Changes of assumptions	242,150	143	242,293
Net difference between projected and actual earnings on pension plan investments	57,256	-	295,860
Changes in proportion and differences between employer contributions and proportionate share of contributions	913,589	-	1,184,662
Differences between allocated and actual contributions	-	-	-
Employer contributions subsequent to the measurement date	<u>1,055,080</u>	<u>3,403</u>	<u>2,891,475</u>
Total	<u>\$ 2,693,038</u>	<u>\$ 3,546</u>	<u>\$ 5,403,006</u>

NOTE 10 - PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Summary totals of deferred inflows and outflows of resources for the City Court:

	LASERS	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 1,045
Changes of assumptions	1,651	-
Net difference between projected and actual earnings on pension plan investments	-	28,166
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	-
Differences between allocated and actual contributions	-	-
Employer contributions subsequent to the measurement date	34,859	-
	\$ 36,510	\$ 29,211

The City reported a total of \$2,891,475 as deferred outflow of resources related to pension contributions made subsequent to the measurement date of the net pension liability but before the end of the City's fiscal year end will be recognized as a reduction in Net Pension Liability in the subsequent fiscal period rather than in the current fiscal period. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
MERS - governmental activities	\$ 478,391
MERS - business-type activities	357,614
MPERS	996,987
FRS	1,055,080
LASERS	3,403
Total	\$ 2,891,475

NOTE 10 - PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The following lists the pension contributions made subsequent to the measurement period for the City Court:

	Subsequent Contributions
Louisiana State Employees' Retirement System	\$ 34,859

Other amounts reported as deferred outflows of resources and deferred inflows of resources for the City related to pensions will be recognized in pension expense (benefit) as follows:

Year	MERS - governmental activities	MERS - business-type activities	MPERS	FRS	LASERS	Total
2026	\$ (3,102)	\$ (2,319)	\$ 103,945	\$ 274,156	\$ (1,462)	\$ 371,218
2027	165,554	123,757	683,342	933,474	628	1,906,755
2028	(75,607)	(56,519)	(205,703)	33,273	(937)	(305,493)
2029	(54,685)	(40,877)	(117,735)	25,492	(608)	(188,413)
2030	-	-	-	142,900	-	142,900
2031	-	-	-	94,047	-	94,047
	\$ 32,160	\$ 24,042	\$ 463,849	\$ 1,503,342	\$ (2,379)	\$ 2,021,014

Other amounts reported as deferred outflows of resources and deferred inflows of resources for the City Court related to pensions will be recognized in pension expense (benefit) as follows:

Year	LASERS
2026	\$ (16,938)
2027	7,277
2028	(10,856)
2029	(7,043)
	\$ (27,560)

NOTE 10 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

MERS

The actuarial assumptions used in the June 30, 2024 valuation was based on the results of an experienced study, for the period July 1, 2013 through June 30, 2018 using the entry age normal actuarial cost method.

MPERS

The actuarial assumptions used in the June 30, 2024 valuation were based on the assumptions used in the June 30, 2024 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019 using the entry age normal actuarial cost method.

FRS

The actuarial assumptions used in the June 30, 2024, valuation were based on the assumptions used in the September 24, 2020, actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2014 through June 30, 2019 using the entry age normal actuarial cost method.

LASERS

The actuarial assumptions used in the June 30, 2024, valuation were based on the assumptions used in the June 30, 2024, actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2019 through June 30, 2023 using the entry age normal actuarial cost method.

NOTE 10 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2024 are as follows:

	Measurement/ Valuation Date	Expected Remaining Service Lives	Investment Rate of Return
MERS	June 30, 2024	3 years	6.85%; net of investment expense, including inflation
MPERS	June 30, 2024	4 years	6.75%; net of investment expense
FRS	June 30, 2024	7 years	6.90%; net of investment expense, including inflation
LASERS	June 30, 2024	2 years	7.25%; net of investment expense

Mortality

MERS

Mortality rates for non-disabled are based on PubG-2010(B) Healthy Retiree Table set equal to 115% for males and females, and PubG-2010(B) Employee Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales.

Mortality rates for disabled are based on PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% for females with full generational MP2021 scale.

MPERS

Mortality rates for non-disabled are based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees and Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

Mortality rates for disabled are based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.

NOTE 10 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Mortality (Continued)

FRS

Mortality rates for non-disabled are set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees and Employees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.

Mortality rates for disabled are set equal to the Pub-2010 Public Retirement Plans Morality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.

LASERS

Mortality rates for non-disabled are set equal to the PubG-2010 Healthy Retiree on a fully generational basis by Mortality Improvement Scale MP-2021.

Mortality rates for disabled are based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

Salary Increases

MERS

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1-2	9.0%
Over 2	4.4%

MPERS

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1-2	12.30%
Over 2	4.70%

FRS

Vary from 14.10% in the first two years of service to 5.20% after 3 or more years.

NOTE 10 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Salary Increases (Continued)

LASERS

The salary increase range applicable to Judges has a lower range of 2.4% and upper range of 4.8%. For regular employees the range is 3.3% to 14.0%.

Cost of Living Adjustments

MERS

The system is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. 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. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

MPERS

The system is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary, or survivor's benefit, not to exceed 3% in any given year. The system is authorized to provide an additional 2% cost of living adjustment, computed on the member's original benefit, to all regular retirees, disability survivors and beneficiaries who are 65 years age or older on the cut-off date which determines eligibility.

FRS

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243).

NOTE 10 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Cost of Living Adjustments (Continued)

FRS (Continued)

In lieu of these cost of living adjustments, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

LASERS

The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

Long-Term Expected Rate of Return

MERS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges 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 ranges 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 and an adjustment for the effect of rebalancing/diversification.

MPERS

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges 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 ranges 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 and an adjustment for the effect of rebalancing/diversification.

NOTE 10 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

FRS

The June 30, 2024, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2024 and the Curran Actuarial Consulting average study for 2024. The consultant's average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from several investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The target asset allocation changed slightly from June 30, 2023 to June 30, 2024. These changes included a decrease to target weight in U.S. public equity, a decrease to emerging market equity, a decrease to U.S. Core fixed income, and an increase to multisector fixed income. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2024.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, standard deviations, and correlation coefficients for each asset class. The process integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

NOTE 10 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

LASERS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges 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 ranges 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 following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the retirement systems target asset allocations as of June 30, 2025:

Asset Class	Target Allocation			Long - Term Expected Real Rate of Return		
	MERS	MPERS	FRS	MERS	MPERS	FRS
Public Equity	56.00%	-	-	2.44%	-	-
Equity	-	52.00%	54.00%	-	3.14%	3.49%
Public Fixed Income	29.00%	-	-	1.26%	-	-
Fixed Income	-	34.00%	30.00%	-	1.07%	0.67%
Alternatives	15.00%	14.00%	16.00%	0.65%	1.03%	1.25%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	4.35%	5.24%	5.41%
Inflation				<u>2.50%</u>	<u>2.62%</u>	<u>2.50%</u>
Total expected long-term rate of return				<u>6.85%</u>	<u>7.86%</u>	<u>7.91%</u>

NOTE 10 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

LASERS	
Asset Class	Expected Return
Cash	0.76%
Domestic Equity	4.29%
International Equity	5.22%
Domestic Fixed Income	2.04%
International Fixed Income	5.24%
Alternative Investments	8.19%
 Total fund	 5.61%
Inflation	2.40%
Total expected long-term rate of return	<u>8.19%</u>

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS, MPERS, FRS, and LASERS was 6.85%, 6.75%, 6.90%, and 7.25%, respectively for the year ended June 30, 2024.

(continued)

NOTE 10 - PENSION PLAN (CONTINUED)

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

The following table presents the City's proportionate share of the net pension liability using the discount rate of each retirement system as well as what the City's proportionate share of the net pension liability 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 used by each of the retirement systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS			
Discount Rates	5.85%	6.85%	7.85%
Shares of Net Pension Liability	\$ 5,796,091	\$ 3,849,044	\$ 2,205,398
MPERS			
Discount Rates	5.75%	6.75%	7.75%
Shares of Net Pension Liability	\$ 9,980,036	\$ 6,718,412	\$ 3,995,591
FRS			
Discount Rates	5.90%	6.90%	7.90%
Shares of Net Pension Liability	\$ 9,397,362	\$ 5,660,348	\$ 2,543,316
LASERS			
Discount Rates	6.25%	7.25%	8.25%
Shares of Net Pension Liability	\$ 28,163	\$ 20,393	\$ 13,791

The following table presents the City Court's proportionate share of the net pension liability using the discount rate of LASERS as well as what the proportionate share of the net pension liability 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 used.

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
LASERS			
Discount Rates	6.25%	7.25%	8.25%
Shares of Net Pension Liability	\$ 326,236	\$ 236,236	\$ 159,757

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City provides certain continuing health care and life insurance benefits for its retired employees. The City’s OPEB Plan is a single employer defined benefit plan administered by the City. The City to establish or amend the obligation of the employer, employees, and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Codification Section P52, *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit*.

Benefits Provided

Medical, dental, and life insurance benefits through comprehensive plans and are made available to employees upon actual retirement. The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: attainment of Medical benefits are provided through a medical plan and are made available to employees upon actual retirement.

The employees are covered by one of three retirement systems: first, the Municipal Employees’ Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or age 60 and 10 years of service; second, the Firefighters’ Retirement System of Louisiana, and the third, the Municipal Police Retirement System of Louisiana. Both the Fire and Police Retirement Systems have retirement eligibility (D.R.O.P. entry) provisions as follows: 25 years of service at any age; age 50 and 20 years of service; or age 55 and 12 years of service. For each system, employees hired on and after January 1, 2013 must meet the following retirement (D.R.O.P. entry requirements): age 55 and 30 years of service; age 62 and 10 years of service; or 67 and 7 years of service.

Life insurance coverage is provided to retirees and 90% of the blended rate (active and retired) for \$5,000 face amount is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at age 65.

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms:

	Amount
Inactive employee or beneficiaries currently receiving benefit payments	73
Active employees	151
Total	224

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The City's total OPEB Liability of \$16,796,452 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%												
Salary increases	From the pension plan valuations, as follows. These rates include the inflation assumption, above.												
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left; padding-right: 10px;"><u>Service</u></th> <th style="text-align: left; padding-right: 10px;"><u>MERS</u></th> <th style="text-align: left; padding-right: 10px;"><u>MPERS</u></th> <th style="text-align: left;"><u>FRS</u></th> </tr> </thead> <tbody> <tr> <td style="padding-right: 10px;">1 — 2</td> <td style="padding-right: 10px;">9.00%</td> <td style="padding-right: 10px;">12.30%</td> <td>14.10%</td> </tr> <tr> <td style="padding-right: 10px;">3+</td> <td style="padding-right: 10px;">4.40%</td> <td style="padding-right: 10px;">4.70%</td> <td>5.20%</td> </tr> </tbody> </table>	<u>Service</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	1 — 2	9.00%	12.30%	14.10%	3+	4.40%	4.70%	5.20%
<u>Service</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>										
1 — 2	9.00%	12.30%	14.10%										
3+	4.40%	4.70%	5.20%										
Discount rate	3.93% annually (Beginning of Year to Determine ADC) 5.20%, annually (As of End of Year Measurement Date)												
Healthcare cost trend rates	Getzen Model, with an initial trend of 5.5%												
Mortality	Pub-2010(B)												

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2025, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2025.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balances	\$ 18,770,177
Changes for the year:	
Service costs	859,246
Interest	759,398
Differences between expected and actual experience	(558,021)
Changes of assumptions	(2,415,735)
Benefit payments	(618,613)
Net changes:	(1,973,725)
Ending balances	\$ 16,796,452

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is a 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 4.20%	Discount Rate 5.20%	1% Increase 6.20%
Total OPEB liability	\$ 19,453,784	\$ 16,796,452	\$ 14,649,541

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that is a 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 4.50%	Current Rate 5.50%	1% Increase 6.50%
Total OPEB liability - Primary Government	\$ 14,362,988	\$ 16,796,452	\$ 19,920,203

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the City recognized a OPEB benefit of \$177,369. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 222,887	\$ 693,043
Changes of assumptions	-	4,112,212
Total	\$ 222,887	\$ 4,805,255

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year	Amount
2026	\$ 1,856,042
2027	496,705
2028	496,705
2029	496,702
2030	492,778
Thereafter	743,436
	\$ 4,582,368

NOTE 12 - LONG-TERM LIABILITIES

The following is a summary of debt transactions for the City as of June 30, 2025:

	Governmental Activities				
	Balance as of 6/30/2024	Additions	Deductions	Balance as of 6/30/2025	Amount Due Within One Year
Net pension liability	\$ 15,777,576	\$ -	\$ 1,175,865	\$ 14,601,711	\$ -
OPEB liability	18,770,177	-	1,973,725	16,796,452	-
Lease payable	1,338,765	1,131,207	445,521	2,024,451	606,065
Subscription liability	85,483	-	85,483	-	-
Compensated absences	1,238,016	77,803	-	1,315,819	458,471
Public street bonds	4,090,000	-	750,000	3,340,000	780,000
Hotel occupancy tax bonds	330,000	-	105,000	225,000	110,000
Certificate of indebtedness	7,737,764	-	246,010	7,491,754	260,275
Total governmental activities	\$ 49,367,781	\$ 1,209,010	\$ 4,781,604	\$ 45,795,187	\$ 2,214,811

	Business-Type Activities				
	Balance as of 6/30/2024	Additions	Deductions	Balance as of 6/30/2025	Amount Due Within One Year
Net pension liability	\$ 2,984,458	\$ -	\$ 1,337,972	\$ 1,646,486	\$ -
Lease payable	677,640	274,942	378,819	573,763	137,461
Compensated absences	123,493	15,763	-	139,256	76,508
DEQ loans	8,053,000	-	739,000	7,314,000	747,000
Loan agreement	497,012	-	141,700	355,312	149,600
Total business-type activities	\$ 12,335,603	\$ 290,705	\$ 2,597,491	\$ 10,028,817	\$ 1,110,569

Long-term liabilities for governmental activities as of June 30, 2025 are comprised of the following:

Governmental Activities

\$10,000,000 Public Street Bonds, Series 2013 consisting in serial bonds bearing an interest rates of 3.00% and maturing on October 1, 2028.

Combined annual installments of principal and interest vary

from \$731,625 to \$903,350.

\$ 3,340,000

\$1,000,000 Hotel Occupancy Tax Bonds, Series 2017 consisting in serial bonds bearing an interest rates of 3.50% and maturing on January 1,

2027. Combined annual installments of principal and interest vary

from \$107,500 to \$117,013.

225,000

\$8,100,000 Certificate of Indebtedness, Series 2022, consisting in serial bonds bearing an interest rates of 5.65% and maturing on November 30,

2042. Combined annual installments of principal and interest in the

amount of \$56,407.

7,491,754

NOTE 12 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

\$3,152,637 in right-of-use asset lease liabilities for the purchase of vehicles and equipment, due in various monthly installments through May 2029, with various interest rates. The leases are secured by the vehicles and equipment.	2,024,451
<i>Compensated Absences</i>	1,315,819
<i>Net pension liability</i>	14,601,711
<i>Other Post-Employment Benefits</i>	<u>16,796,452</u>
Total long-term liabilities from governmental activities	<u>\$ 45,795,187</u>

Long-term liabilities for business-type activities as of June 30, 2025 are comprised of the following:

Business-Type Activities

\$14,300,000 Louisiana Department of Environmental Quality Revenue Bonds, secured by the sewer system revenues bearing an interest rate of 0.45% and administrative fees of 0.50%, maturing on January 1, 2035. Combined annual installments of principal and interest vary from \$257,278 to \$543,570.	\$ 7,314,000
\$1,500,000 Louisiana Government Environmental Facilities and Community Development Authority (LCDA) secured by various utility systems bearing an interest rate of 5.88%. Combined annual installments of principal and interest vary from \$49,812 to \$157,400.	355,312
\$742,357 in right-of-use asset lease liabilities for the purchase of equipment, due in various monthly installments through May 2029, with various interest rates. The leases are secured by the vehicles.	573,763
<i>Compensated absences</i>	139,256
<i>Net pension liability</i>	<u>1,646,486</u>
Total long-term liabilities from business type activities	<u>\$ 10,028,817</u>

NOTE 12 - LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize governmental long-term liabilities as of June 30, 2025 are as follows:

Governmental Activities				
Year ending June 30,	Public street bonds		Hotel occupancy tax bonds	
	Principal	Interest	Principal	Interest
2026	\$ 780,000	\$ 88,500	\$ 110,000	\$ 5,951
2027	815,000	64,575	115,000	2,012
2028	855,000	39,525	-	-
2029	890,000	13,350	-	-
Total	\$ 3,340,000	\$ 205,950	\$ 225,000	\$ 7,963
Year ending June 30,	Certificate of indebtedness		Lease liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 260,275	\$ 416,613	\$ 606,065	\$ 144,791
2027	275,368	401,520	522,851	98,666
2028	291,335	385,553	502,472	55,312
2029	308,229	368,659	367,250	17,228
2030	326,102	350,786	25,813	693
2031 and thereafter	6,030,445	2,374,247	-	-
Total	\$ 7,491,754	\$ 4,297,378	\$ 2,024,451	\$ 316,690
Year ending June 30,	Totals			
	Principal	Interest		
2026	\$ 1,756,340	\$ 655,855		
2027	1,728,219	566,773		
2028	1,648,807	480,390		
2029	1,565,479	399,237		
2030	351,915	351,479		
2031 and thereafter	6,030,445	2,374,247		
Total	\$ 13,081,205	\$ 4,827,981		

NOTE 12 - LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize business-type long-term liabilities as of June 30, 2025 are as follows:

Business-Type Activities				
Year ending June 30,	Bonds Series 2012		Bonds Series 2014	
	Principal	Interest	Principal	Interest
2026	\$ 472,000	\$ 19,990	\$ 275,000	\$ 12,924
2027	476,000	17,866	278,000	11,686
2028	481,000	15,724	280,000	10,436
2029	485,000	13,558	283,000	9,176
2030	490,000	11,376	286,000	7,902
2031 and thereafter	2,038,000	23,256	1,470,000	19,982
Total	<u>\$ 4,442,000</u>	<u>\$ 101,770</u>	<u>\$ 2,872,000</u>	<u>\$ 72,106</u>
Year ending June 30,	LCDA loan		Lease liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 149,600	\$ -	\$ 137,461	\$ 41,994
2027	157,400	-	144,401	30,494
2028	48,312	-	143,640	18,346
2029	-	-	112,686	7,516
2030	-	-	35,575	1,298
Total	<u>\$ 355,312</u>	<u>\$ -</u>	<u>\$ 573,763</u>	<u>\$ 99,648</u>
Year ending June 30,	Totals			
	Principal	Interest		
2026	\$ 1,034,061	\$ 74,908		
2027	1,055,801	60,046		
2028	952,952	44,506		
2029	880,686	30,250		
2030	811,575	20,576		
2031 and thereafter	3,508,000	43,238		
Total	<u>\$ 8,243,075</u>	<u>\$ 273,524</u>		

NOTE 14 - RELATED PARTY TRANSACTIONS

The City of Zachary incurs expenditures on behalf of the City Court of Zachary. These expenditures include compensation to City Court personnel along with the related pension cost and employee benefits. During the year ended June 30, 2025, the City paid \$549,199 on behalf of City Court.

NOTE 15 - COMPENSATION OF THE GOVERNING BODY

During the year ended June 30, 2025, Council members received compensation as follows:

	<u>Amount</u>
Jennifer Boyd	\$ 10,414
Amber Devirgilio	10,414
James Graves	10,414
John Leblanc	11,164
Brandy Westmoreland	<u>10,414</u>
Total	<u>\$ 52,820</u>

NOTE 16 - CHANGE IN REPORTING ENTITY

Changes to beginning fund balance have been applied to the fund financial statements as a result of combining the Debt Service-Streets Fund and Streets Improvement Fund into a single entity.

NOTE 17 - SUBSEQUENT EVENT

Subsequent to the fiscal year, the City entered into a significant subscription-based information technology arrangement (SBITA) for an enterprise software system. The agreement commenced in July 2025 and has an initial term of 10 years, with options to extend the arrangement for additional periods. Under the terms of the agreement, the City is required to make periodic subscription payments totaling approximately \$1.9 million over the term of the arrangement. The SBITA will be accounted for in accordance with Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, beginning in the fiscal year ending June 30, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
REVENUES				
Taxes:				
Sales and use	\$12,676,600	\$12,647,600	\$12,671,740	\$ 24,140
Ad valorem	1,199,000	1,199,000	1,272,024	73,024
Franchise and other	15,000	15,000	14,732	(268)
Intergovernmental	917,400	917,200	3,218,412	2,301,212
Charges for services:				
License and permits	601,000	619,000	622,785	3,785
Fines and forfeitures	250,000	320,000	311,255	(8,745)
Recreation services	304,400	304,400	321,039	16,639
Sanitation services	1,952,400	2,226,500	2,247,187	20,687
Other	-	19,300	19,813	513
Fees and commissions	1,720,000	1,720,000	1,736,719	16,719
Interest earnings	-	75,000	86,954	11,954
Miscellaneous and other	<u>1,050,000</u>	<u>1,098,600</u>	<u>1,425,202</u>	<u>326,602</u>
 Total revenues	 <u>20,685,800</u>	 <u>21,161,600</u>	 <u>23,947,862</u>	 <u>2,786,262</u>
EXPENDITURES				
Current function:				
General government	4,381,600	3,942,900	4,312,323	(369,423)
Public safety	5,117,250	12,660,300	11,749,960	910,340
Streets	700,200	1,424,400	1,426,067	(1,667)
Sanitation	2,164,600	2,181,600	2,171,274	10,326
Recreation	411,000	544,700	567,531	(22,831)
Debt service:				
Principal	-	-	904,258	(904,258)
Interest	-	430,900	618,450	(187,550)
Capital outlay	<u>7,885,950</u>	<u>4,360,950</u>	<u>4,918,092</u>	<u>(557,142)</u>
 Total expenditures	 <u>20,660,600</u>	 <u>25,545,750</u>	 <u>26,667,955</u>	 <u>(1,122,205)</u>
 Excess (deficit) of revenues over expenditures	 <u>25,200</u>	 <u>(4,384,150)</u>	 <u>(2,720,093)</u>	 <u>1,664,057</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of lease liabilities	-	-	1,131,207	1,131,207
Proceeds from sale of capital assets	<u>-</u>	<u>100,000</u>	<u>102,059</u>	<u>2,059</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>100,000</u>	 <u>1,233,266</u>	 <u>1,133,266</u>
 Net change in fund balance	 <u>\$ 25,200</u>	 <u>\$ (4,284,150)</u>	 <u>(1,486,827)</u>	 <u>\$ 2,797,323</u>
FUND BALANCE				
Beginning of year			<u>17,878,557</u>	
End of year			<u>\$16,391,730</u>	

**CITY OF ZACHARY, LOUISIANA
STREETS IMPROVEMENT FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Taxes:				
Sales and use	\$ 4,500,000	\$ 4,700,000	\$ 5,008,910	\$ 308,910
Intergovernmental	500,000	500,000	500,000	-
Interest earnings	50,000	200,000	252,319	52,319
Total revenues	5,050,000	5,400,000	5,761,229	361,229
EXPENDITURES				
Current function:				
Streets	1,380,000	1,680,000	1,109,345	570,655
Debt service:				
Principal		-	750,000	(750,000)
Interest	111,450	111,450	111,450	-
Capital outlay	4,000,000	4,500,000	4,567,942	(67,942)
Total expenditures	5,491,450	6,291,450	6,538,737	(247,287)
Net change in fund balance	\$ (441,450)	\$ (891,450)	(777,508)	\$ 608,516
FUND BALANCE (DEFICIT)				
Beginning of year			(11,487,540)	
Change within financial reporting entity			23,323,181	
End of year			\$ 11,058,133	

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF CHANGES IN NET OF OPEB LIABILITY AND RELATED RATIOS (1)

For year ended June 30, 2025

OPEB Expenses	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Service cost	\$ 859,246	\$ 962,094	\$ 958,622	\$ 544,801
Interest	759,398	701,212	643,607	490,217
Differences between expected and actual experience	(558,021)	-	390,050	(768,502)
Changes of assumptions	(2,415,735)	(847,412)	(417,529)	(4,626,531)
Benefit payments	<u>(618,613)</u>	<u>(584,602)</u>	<u>(512,027)</u>	<u>(586,651)</u>
Net change in total OPEB liability	<u>(1,973,725)</u>	<u>231,292</u>	<u>1,062,723</u>	<u>(4,946,666)</u>
Total OPEB liability - beginning	18,770,177	18,538,885	17,476,162	22,422,828
Total OPEB liability - ending (a)	<u>\$ 16,796,452</u>	<u>\$ 18,770,177</u>	<u>\$ 18,538,885</u>	<u>\$ 17,476,162</u>
Covered-employee payroll	\$ 7,819,047	\$ 6,980,305	\$ 6,560,437	\$ 6,006,630
Net OPEB liability as a percentage of covered-employee payroll	214.81%	268.90%	282.59%	290.95%

Notes to Schedule:

Benefit Change: None None None None

Changes of Assumptions:

Discount Rate: 5.20% 3.93% 3.65% 3.54%
Mortality: Pub-2010(B) Pub-2010(B) Pub-2010(B) RP-2014
Trend: Getzen Model Getzen Model Getzen Model 4.5% to 5.5%

OPEB Expenses	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 591,127	\$ 446,371	\$ 414,299	\$ 383,638
Interest	526,830	592,425	586,409	556,277
Differences between expected and actual experience	(306,429)	889,184	199,658	(127,899)
Changes of assumptions	(1,375,530)	4,928,315	1,040,510	(809,244)
Benefit payments	<u>(556,067)</u>	<u>(479,635)</u>	<u>(454,631)</u>	<u>(322,470)</u>
Net change in total OPEB liability	<u>(1,120,069)</u>	<u>6,376,660</u>	<u>1,786,245</u>	<u>(319,698)</u>
Total OPEB liability - beginning	23,542,897	17,166,237	15,379,992	15,699,690
Total OPEB liability - ending (a)	<u>\$ 22,422,828</u>	<u>\$ 23,542,897</u>	<u>\$ 17,166,237</u>	<u>\$ 15,379,992</u>
Covered-employee payroll	\$ 5,831,680	\$ 5,621,256	\$ 5,405,054	\$ 5,022,934
Net OPEB liability as a percentage of covered-employee payroll	384.50%	418.82%	317.60%	306.20%

Notes to Schedule:

Benefit Change: None None None None

Changes of Assumptions:

Discount Rate: 2.16% 2.21% 3.50% 3.87%
Mortality: RP-2014 RP-2000 RP-2000 RP-2000
Trend: 4.5% to 5.5% 5.5% 5.5% 5.5%

(1) This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF ZACHARY, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE
OF NET PENSION LIABILITY**

LAST TEN FISCAL YEARS

For the year ended June 30, 2025

Retirement System	Plan Fiscal Year Ended June 30,	Employer Proportion of the Net Pension Liability	Employer Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System -	2025	1.3678%	\$ 3,849,044	\$ 2,786,420	138.1358%	79.05%
	2024	1.3386%	4,982,554	2,690,509	185.1900%	72.46%
	2023	1.2591%	5,229,474	2,418,233	216.2519%	67.87%
	2022	1.2896%	3,587,161	2,553,713	140.4684%	77.82%
	2021	1.4035%	6,067,814	2,682,496	226.2003%	64.52%
	2020	1.3776%	5,756,649	2,550,260	225.7279%	64.68%
	2019	1.3353%	5,528,964	2,437,841	226.7976%	63.90%
	2018	1.2451%	5,208,657	2,246,563	231.8500%	62.49%
	2017	1.2331%	5,054,247	2,160,019	233.9909%	62.11%
	2016	1.2423%	4,437,759	2,120,342	209.2945%	66.20%
Municipal Police Employees' Retirement System -	2025	0.7416%	\$ 6,718,412	\$ 2,614,095	257.0072%	75.84%
	2024	0.7313%	7,726,130	2,475,718	312.0763%	71.30%
	2023	0.7296%	7,457,306	2,252,692	331.0398%	70.80%
	2022	0.7602%	3,764,512	2,102,066	179.0863%	84.09%
	2021	0.7153%	6,611,436	2,205,791	299.7308%	70.94%
	2020	0.6911%	6,276,463	2,153,493	291.4550%	71.01%
	2019	0.7220%	6,104,077	2,098,770	290.8407%	71.89%
	2018	0.7011%	6,104,077	2,091,846	291.8034%	70.08%
	2017	0.7366%	6,903,802	1,848,252	373.5314%	66.04%
	2016	0.7759%	6,078,091	2,075,384	292.8659%	70.70%
Firefighters Retirement System -	2025	1.0053%	\$ 5,660,348	\$ 2,888,821	195.9397%	81.68%
	2024	0.9372%	6,117,178	2,523,292	242.4285%	77.69%
	2023	0.9096%	6,416,146	2,334,469	274.8439%	74.68%
	2022	0.8247%	2,922,647	2,068,628	141.2843%	86.78%
	2021	0.7744%	5,367,799	1,910,305	280.9917%	72.61%
	2020	0.7142%	4,472,187	1,703,819	262.4802%	73.96%
	2019	0.6807%	3,915,186	1,610,824	243.0549%	74.76%
	2018	0.6379%	3,656,220	1,489,360	245.4893%	73.55%
	2017	0.6221%	4,069,297	1,402,765	290.0911%	68.16%
	2016	0.6028%	3,253,458	1,281,096	253.9590%	72.45%
Louisiana State Employees' Retirement System - Primary Government	2025	0.0004%	\$ 20,393	\$ 8,882	229.6095%	74.59%
	2024	0.0004%	26,172	9,223	283.7688%	68.40%
	2023	0.0005%	35,002	8,882	394.0779%	63.70%
	2022	0.0005%	25,593	8,882	288.1446%	72.80%
	2021	0.0005%	37,135	8,882	418.0928%	58.00%
	2020	0.0005%	31,081	8,882	349.9324%	62.90%
	2019	0.0005%	30,553	8,882	343.9878%	64.30%
	2018	0.0005%	32,731	8,825	370.8895%	62.50%
	2017	0.0005%	39,341	8,882	442.9295%	57.70%
	2016	0.0005%	32,579	8,882	366.7980%	62.70%
Louisiana State Employees' Retirement System - Component Unit - City Court	2025	0.0043%	\$ 236,236	\$ 100,823	234.3076%	74.59%
	2024	0.0043%	284,877	82,529	345.1841%	68.40%
	2023	0.0034%	255,066	61,778	412.8751%	63.70%
	2022	0.0039%	218,838	75,965	288.0774%	72.80%
	2021	0.0040%	330,579	85,928	384.7163%	58.00%
	2020	0.0042%	307,474	81,029	379.4617%	62.90%
	2019	0.0046%	313,171	81,828	382.7186%	64.30%
	2018	0.0039%	271,699	68,023	399.4223%	62.50%
	2017	0.0033%	259,370	78,181	331.7558%	57.70%
	2016	0.0040%	274,169	80,914	338.8400%	62.70%

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

For the year ended June 30, 2025

Retirement System	City Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Municipal Employees' Retirement System -	2025	\$ 836,005	\$ 836,005	\$ -	\$ 2,985,732	28.0000%
	2024	821,994	821,994	-	2,786,420	29.5000%
	2023	793,700	793,700	-	2,690,509	29.5000%
	2022	713,379	713,379	-	2,418,233	29.5000%
	2021	753,345	753,345	-	2,553,713	29.5000%
	2020	744,392	744,392	-	2,682,496	27.7500%
	2019	663,067	663,067	-	2,550,260	26.0000%
	2018	603,366	603,366	-	2,437,841	24.7500%
	2017	511,093	511,093	-	2,246,563	22.7500%
	2016	425,782	425,782	-	2,160,019	19.7120%
Municipal Police Employees' Retirement System -	2025	\$ 996,987	\$ 996,987	\$ -	\$ 2,781,571	35.8426%
	2024	886,832	886,832	-	2,614,095	33.9250%
	2023	774,454	774,454	-	2,475,718	31.2820%
	2022	669,125	669,125	-	2,252,692	29.7034%
	2021	709,447	709,447	-	2,102,066	33.7500%
	2020	719,626	719,626	-	2,205,791	32.6244%
	2019	694,502	694,502	-	2,153,493	32.2500%
	2018	648,078	648,078	-	2,098,770	30.8789%
	2017	664,519	664,519	-	2,091,846	31.7671%
	2016	610,552	610,552	-	1,848,252	33.0340%
Firefighters Retirement System -	2025	\$ 1,055,080	\$ 1,055,080	\$ -	\$ 3,173,173	33.2500%
	2024	960,533	960,533	-	2,888,821	33.2500%
	2023	836,554	836,554	-	2,523,292	33.1533%
	2022	791,506	791,506	-	2,334,469	33.9052%
	2021	667,133	667,133	-	2,068,628	32.2500%
	2020	536,778	536,778	-	1,910,305	28.0991%
	2019	453,542	453,542	-	1,703,819	26.6191%
	2018	428,919	428,919	-	1,610,824	26.6273%
	2017	376,064	376,064	-	1,489,360	25.2500%
	2016	382,254	382,254	-	1,402,765	27.2500%
Louisiana State Employees' Retirement System - Primary Government	2025	\$ 3,403	\$ 3,403	\$ -	\$ 8,882	38.3134%
	2024	3,970	3,970	-	8,882	44.7000%
	2023	4,089	4,089	-	9,223	44.3348%
	2022	3,882	3,882	-	8,882	43.7064%
	2021	3,775	3,775	-	8,882	42.5017%
	2020	3,766	3,766	-	8,882	42.4004%
	2019	3,562	3,562	-	8,882	40.1036%
	2018	3,561	3,561	-	8,882	40.0923%
	2017	3,353	3,353	-	8,825	37.9943%
	2016	3,384	3,384	-	8,882	38.0995%
Louisiana State Employees' Retirement System - Component Unit - City Court	2025	\$ 34,859	\$ 34,859	\$ -	\$ 90,992	38.3100%
	2024	45,068	45,068	-	100,823	44.7700%
	2023	36,527	36,527	-	82,529	44.2596%
	2022	26,997	26,997	-	61,778	43.7000%
	2021	32,285	32,285	-	75,965	42.4998%
	2020	36,433	36,433	-	85,928	42.3995%
	2019	32,493	32,493	-	81,029	40.1005%
	2018	32,813	32,813	-	81,828	40.1000%
	2017	25,849	25,849	-	68,023	38.0004%
	2016	29,999	29,999	-	78,181	38.3712%

CITY OF ZACHARY, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2025

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Mayor to the City Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to adoption of the budget. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

The annual operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments, involving the transfer of funds from one department or involving increases in expenditures resulting from revenues exceeding amounts, are approved by the City Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent period. Such designation represents the extent to which the fund balance is used to balance the subsequent period's operating budget of that fund, as reflected in the legally adopted budget.

NOTE 2 - PENSION PLANS

Changes in benefit terms and assumptions are as follows:

MERS

Measurement Date	Investment Rate of Return		Inflation Rates		Changes of Benefit Terms	
	Rate	Change	Rate	Change	Years	Change
June 30, 2024	6.85%	0.00%	2.50%	0.00%	3	-
June 30, 2023	6.85%	0.00%	2.50%	0.00%	3	-
June 30, 2022	6.85%	0.00%	2.50%	0.00%	3	-
June 30, 2021	6.85%	-0.10%	2.50%	0.00%	3	-
June 30, 2020	6.95%	-0.05%	2.50%	0.00%	3	-
June 30, 2019	7.00%	-0.27%	2.50%	-0.10%	3	-
June 30, 2018	7.28%	-0.13%	2.60%	-0.18%	3	-
June 30, 2017	7.40%	-0.10%	2.78%	-0.10%	3	-
June 30, 2016	7.50%	0.00%	2.88%	0.00%	3	-
June 30, 2015	7.50%		2.88%		3	

NOTE 2 - PENSION PLANS (CONTINUED)

MPERS

Measurement Date	Investment Rate of Return		Inflation Rates		Changes of Benefit Terms	
	Rate	Change	Rate	Change	Years	Change
June 30, 2024	6.75%	0.00%	2.50%	0.00%	4	-
June 30, 2023	6.75%	0.00%	2.50%	0.00%	4	-
June 30, 2022	6.75%	0.00%	2.50%	0.00%	4	-
June 30, 2021	6.75%	-0.20%	2.50%	0.00%	4	-
June 30, 2020	6.95%	-0.18%	2.50%	0.00%	4	-
June 30, 2019	7.13%	-0.07%	2.50%	-0.10%	4	-
June 30, 2018	7.20%	-0.13%	2.60%	-0.10%	4	-
June 30, 2017	7.33%	-0.18%	2.70%	-0.18%	4	-
June 30, 2016	7.50%	0.00%	2.88%	0.00%	4	-
June 30, 2015	7.50%		2.88%		4	

FRS

Measurement Date	Investment Rate of Return		Inflation Rates		Changes of Benefit Terms	
	Rate	Change	Rate	Change	Years	Change
June 30, 2024	6.90%	0.00%	2.50%	0.00%	7	-
June 30, 2023	6.90%	0.00%	2.50%	0.00%	7	-
June 30, 2022	6.90%	0.00%	2.50%	0.00%	7	-
June 30, 2021	6.90%	-0.10%	2.50%	0.00%	7	-
June 30, 2020	7.00%	-0.15%	2.50%	-0.25%	7	-
June 30, 2019	7.15%	-0.15%	2.75%	0.00%	7	-
June 30, 2018	7.30%	-0.10%	2.75%	0.00%	7	-
June 30, 2017	7.40%	-0.10%	2.75%	-0.25%	7	-
June 30, 2016	7.50%	0.50%	3.00%	0.00%	7	-
June 30, 2015	7.00%		3.00%		7	

LASERS

Measurement Date	Investment Rate of Return		Inflation Rates		Changes of Benefit Terms	
	Rate	Change	Rate	Change	Years	Change
June 30, 2024	7.25%	0.00%	2.40%	0.10%	2	-
June 30, 2023	7.25%	0.00%	2.30%	0.00%	2	-
June 30, 2022	7.25%	-0.15%	2.30%	0.00%	2	-
June 30, 2021	7.40%	-0.15%	2.30%	0.00%	2	-
June 30, 2020	7.55%	-0.05%	2.30%	-0.45%	2	-
June 30, 2019	7.60%	-0.05%	2.75%	-0.50%	2	(1)
June 30, 2018	7.65%	-0.05%	3.25%	0.00%	3	-
June 30, 2017	7.70%	-0.05%	3.25%	0.00%	3	-
June 30, 2016	7.75%	0.00%	3.25%	0.25%	3	-
June 30, 2015	7.75%		3.00%		3	

NOTE 3 - NET OTHER POST EMPLOYMENT BENEFITS

Changes in benefit terms and assumptions for the City's OPEB plan are as follows:

Fiscal year ended	Discount Rates		Inflation Rates		Healthcare Trend Rates	
	Rate	Change	Rate	Change	Rate	Change
June 30, 2025	5.20%	1.27%	2.00%	0.00%	5.50%	0.00%
June 30, 2024	3.93%	0.28%	2.00%	0.00%	5.50%	0.00%
June 30, 2023	3.65%	0.11%	2.00%	0.00%	5.50%	0.00%
June 30, 2022	3.54%	1.38%	2.00%	0.00%	5.50%	0.00%
June 30, 2021	2.16%	-0.05%	2.00%	0.00%	5.50%	0.00%
June 30, 2020	2.21%	-1.29%	2.00%	0.00%	5.50%	0.00%
June 30, 2019	3.50%	-0.37%	2.00%	0.00%	5.50%	0.00%
June 30, 2018	3.87%		2.00%		5.50%	

SUPPLEMENTARY INFORMATION

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
REVENUES			
Taxes:			
Ad valorem - industry	\$ 134,000	\$ 177,362	\$ 43,362
Ad valorem - other	1,065,000	1,094,662	29,662
Beer tax	15,000	14,732	(268)
Sales and use tax	<u>12,647,600</u>	<u>12,671,740</u>	<u>24,140</u>
 Total taxes	 <u>13,861,600</u>	 <u>13,958,496</u>	 <u>96,896</u>
 Licenses and permits:			
Occupational licenses	418,800	418,800	-
Building permits	73,500	74,961	1,461
Electrical contractor license	9,200	9,200	-
Electrical permits	28,000	29,018	1,018
Rezoning permits	2,500	2,995	495
Other contractor license	19,700	19,849	149
Other permits	<u>67,300</u>	<u>67,962</u>	<u>662</u>
 Total licenses and permits	 <u>619,000</u>	 <u>622,785</u>	 <u>3,785</u>
 Intergovernmental:			
City Parish street maintenance	135,000	136,040	1,040
Grant - other	19,800	1,892,341	1,872,541
Transportation fund	7,400	13,894	6,494
Fire District #1	635,000	688,204	53,204
Visit Baton Rouge Hotel Tax	120,000	192,100	72,100
Grant - Police Department	<u>-</u>	<u>295,833</u>	<u>295,833</u>
 Total intergovernmental	 <u>917,200</u>	 <u>3,218,412</u>	 <u>2,301,212</u>
 Charges for services:			
Park revenue	304,400	321,039	16,639
Inspection fees	19,300	19,813	513
Refuse collection charges	2,210,000	2,229,088	19,088
Refuse billing fees	<u>16,500</u>	<u>18,099</u>	<u>1,599</u>
 Total charges for services	 <u>2,550,200</u>	 <u>2,588,039</u>	 <u>37,839</u>

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
Commissions:			
Cable franchise fee	167,300	167,365	65
Sale of electricity	1,133,100	1,149,749	16,649
Sale of insurance	<u>419,600</u>	<u>419,605</u>	<u>5</u>
Total commissions	<u>1,720,000</u>	<u>1,736,719</u>	<u>16,719</u>
Fines and forfeitures:			
Fines	<u>320,000</u>	<u>311,255</u>	<u>(8,745)</u>
Total fines and forfeitures	<u>320,000</u>	<u>311,255</u>	<u>(8,745)</u>
Miscellaneous:			
Interest income	75,000	86,954	11,954
Marshall's fund	91,500	91,536	36
Prosecuter's fund	85,000	100,873	15,873
Insurance claims	-	97,987	97,987
Fire	-	281	281
Police	495,000	595,377	100,377
Public works fees	26,700	26,712	12
All others	<u>400,400</u>	<u>512,436</u>	<u>112,036</u>
Total miscellaneous	<u>1,173,600</u>	<u>1,512,156</u>	<u>338,556</u>
Total revenues	<u>21,161,600</u>	<u>23,947,862</u>	<u>2,786,262</u>
EXPENDITURES			
GENERAL GOVERNMENT:			
Finance:			
Salaries - administrative	699,900	705,797	(5,897)
FICA and medicare	10,900	11,725	(825)
Worker's compensation	300	264	36
Retirement	163,400	163,327	73
Health insurance	62,200	63,940	(1,740)
Phone allowance	1,500	1,440	60
Professional services	76,000	84,918	(8,918)
Contracts and services	405,500	475,774	(70,274)
Office expense	17,000	16,931	69
Utilities	15,300	15,268	32
Postage	5,200	5,158	42

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
Finance (continued):			
Telephone	13,400	13,338	62
Insurance	177,800	167,611	10,189
Official journal	13,600	13,502	98
Bank fees	4,900	4,856	44
Travel	2,400	2,350	50
Trainings and seminars	2,700	2,605	95
Uniforms	300	256	44
Dues, donations, and subscriptions	6,100	6,039	61
Repairs and maintenance	40,000	32,011	7,989
Miscellaneous	14,700	284,838	(270,138)
	<u>1,733,100</u>	<u>2,071,948</u>	<u>(338,848)</u>
Total finance			
Beautification:			
Salary	108,800	108,800	-
FICA and Medicare	1,700	1,585	115
Health insurance	-	363	(363)
Worker's compensation insurance	200	18	182
Contract services	130,000	150,181	(20,181)
Travel	2,000	880	1,120
Miscellaneous	2,200	6,191	(3,991)
Vehicle expense	4,000	2,920	1,080
Beautification retirement	14,500	14,420	80
Beautification supplies	8,000	6,219	1,781
	<u>271,400</u>	<u>291,577</u>	<u>(20,177)</u>
Total beautification			
Public Relations:			
Wages	2,800	2,770	30
Animal control fees	100,300	100,250	50
FICA and medicare	-	53	(53)
Worker's compensation	-	4	(4)
Mayor's prayer breakfast	2,000	1,633	367
Economic development	119,500	119,458	42
Open house	45,000	45,290	(290)
Public relations expense	70,000	68,746	1,254
Food pantry	13,500	51,518	(38,018)
	<u>353,100</u>	<u>389,722</u>	<u>(36,622)</u>
Total public relations			

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
Mayor:			
Mayor's wages	89,300	89,390	(90)
Employee salary	5,000	5,054	(54)
Wages regular	26,500	25,545	955
FICA and Medicare	2,800	2,836	(36)
Telephone	3,800	3,792	8
Vehicle expenses	1,800	1,763	37
Vehicle maintenance	600	155	445
Miscellaneous	4,100	4,101	(1)
Retirement	28,100	26,444	1,656
Travel	2,100	2,292	(192)
Health insurance	24,600	23,773	827
Worker's compensation insurance	200	189	11
	<u>188,900</u>	<u>185,334</u>	<u>3,566</u>
Total mayor			
Commissions and boards:			
Salaries	159,200	165,305	(6,105)
FICA and Medicare	3,400	3,439	(39)
Worker's compensation insurance	400	393	7
Retirement	40,000	40,580	(580)
Health insurance	20,900	21,416	(516)
Professional services	20,000	1,743	18,257
Office supplies	3,000	3,190	(190)
Training	1,500	838	662
Miscellaneous	15,000	19,605	(4,605)
Contract services	182,800	191,555	(8,755)
	<u>446,200</u>	<u>448,064</u>	<u>(1,864)</u>
Total commissions and boards			
Council:			
Salaries	20,500	20,600	(100)
Council's salary	53,300	52,820	480
FICA and Medicare	5,600	5,610	(10)
Travel	500	350	150
Miscellaneous	1,000	843	157
Worker's compensation insurance	200	55	145
	<u>81,100</u>	<u>80,278</u>	<u>822</u>
Total council			

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
Museum:			
Contractual services	5,000	5,000	-
Office supplies	-	174	(174)
Utilities	13,500	13,167	333
Repairs and maintenance	<u>7,000</u>	<u>6,133</u>	<u>867</u>
 Total museum	 <u>25,500</u>	 <u>24,474</u>	 <u>1,026</u>
Inspection:			
Salaries	167,300	161,964	5,336
FICA and medicare	3,900	3,536	364
Worker's compensation insurance	300	281	19
Retirement	43,700	39,603	4,097
Health insurance	34,700	34,648	52
Contractual services	500	-	500
Office supplies	4,500	4,073	427
Telephone	3,300	3,273	27
Travel	1,500	911	589
Trainings and seminars	2,100	2,057	43
Uniforms	300	-	300
Dues and subscriptions	500	516	(16)
Vehicle maintenance	2,000	1,153	847
Repairs and maintenance	20,000	18,911	1,089
Miscellaneous	<u>1,700</u>	<u>801</u>	<u>899</u>
 Total inspection	 286,300	 271,727	 14,573
Clerk of Court:			
Salary	260,000	258,044	1,956
FICA and Medicare	7,700	6,455	1,245
Court retirement	59,500	58,887	613
Health insurance	24,200	24,186	14
Worker's compensation insurance	200	53	147
Office supplies	-	280	(280)
Miscellaneous	<u>18,700</u>	<u>16,535</u>	<u>2,165</u>
 Total clerk of court	 <u>370,300</u>	 <u>364,440</u>	 <u>5,860</u>

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
Judge:			
Salary	8,900	8,882	18
FICA and Medicare	100	129	(29)
Retirement	3,900	3,403	497
Worker's compensation insurance	<u>100</u>	<u>9</u>	<u>91</u>
Total judge	<u>13,000</u>	<u>12,423</u>	<u>577</u>
Probation:			
Salary	13,000	12,913	87
FICA and Medicare	200	183	17
Health insurance	6,000	5,781	219
Worker's compensation insurance	<u>100</u>	<u>8</u>	<u>92</u>
Total probation	<u>19,300</u>	<u>18,885</u>	<u>415</u>
Prosecutor:			
Salary	87,200	77,850	9,350
FICA and Medicare	6,800	5,956	844
Worker's compensation insurance	100	25	75
Office supplies	1,000	580	420
Miscellaneous	<u>1,200</u>	<u>650</u>	<u>550</u>
Total prosecutor	<u>96,300</u>	<u>85,061</u>	<u>11,239</u>
Marshall:			
Salary	52,500	57,006	(4,506)
FICA and Medicare	3,800	4,361	(561)
Worker's compensation insurance	100	277	(177)
Trainings and seminars	1,000	1,526	(526)
Uniforms	1,000	306	694
Miscellaneous	<u>-</u>	<u>4,914</u>	<u>(4,914)</u>
Total marshall	<u>58,400</u>	<u>68,390</u>	<u>(9,990)</u>
Total general government	<u>3,942,900</u>	<u>4,312,323</u>	<u>(369,423)</u>

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
PUBLIC SAFETY:			
Police:			
Salaries	3,126,000	3,081,998	44,002
State supplemental pay	-	288,960	(288,960)
FICA and Medicare	55,100	55,037	63
Office expense	121,500	121,470	30
Chief's expense	4,500	1,556	2,944
Utilities	52,300	52,226	74
Vehicle expense	951,000	1,185,305	(234,305)
Supplies and maintenance	12,700	12,614	86
Health insurance	699,500	699,405	95
Worker's compensation insurance	6,800	6,791	9
Telephone	122,300	122,228	72
Uniforms	68,400	68,348	52
Reserve deputies	7,200	4,755	2,445
New hire test	13,000	7,176	5,824
Retirement	1,046,000	996,706	49,294
Contracts and services	21,200	21,139	61
Computer expense	185,300	47,968	137,332
Dues, donations, and subscriptions	5,100	5,029	71
Travel and seminars	71,000	49,161	21,839
Professional services - legal	30,000	32,498	(2,498)
Building repairs and maintenance	37,000	45,610	(8,610)
Capital outlay	2,159,950	2,062,414	97,536
Miscellaneous	22,000	10,939	11,061
	<u>8,817,850</u>	<u>8,979,333</u>	<u>(161,483)</u>
Total police	8,817,850	8,979,333	(161,483)

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
Fire:			
Salaries	3,372,500	3,352,771	19,729
FICA and Medicare	61,100	57,460	3,640
Retirement	1,097,500	1,055,081	42,419
Health insurance	672,300	662,865	9,435
Office supplies	10,000	5,999	4,001
Volunteer fireman	15,000	5,261	9,739
Utilities	41,000	40,368	632
Vehicle expense	302,000	215,342	86,658
Supplies and maintenance	40,300	40,271	29
Worker's compensation insurance	9,700	9,681	19
Telephone	14,400	14,376	24
Uniforms	35,000	31,207	3,793
Protective gear	70,000	63,729	6,271
Physicals	29,300	29,264	36
Phone allowance	3,400	3,360	40
Dues, donations, and subscriptions	1,000	889	111
Contracts and services	26,500	21,631	4,869
Computer expense	20,000	8,281	11,719
Repairs - fire hydrants	100,000	99,620	380
Building repairs	40,000	31,850	8,150
Travel and seminars	22,600	15,498	7,102
Fire prevention	8,000	5,805	2,195
Capital outlay	1,861,000	1,527,592	333,408
Miscellaneous	10,800	6,763	4,037
	<u>7,863,400</u>	<u>7,304,964</u>	<u>558,436</u>
Total fire			
	<u>7,863,400</u>	<u>7,304,964</u>	<u>558,436</u>
Total public safety	<u>16,681,250</u>	<u>16,284,297</u>	<u>396,953</u>

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
STREETS:			
Salaries	399,600	399,384	216
FICA and Medicare	10,900	8,927	1,973
Worker's compensation insurance	1,900	1,902	(2)
Retirement	78,600	78,397	203
Health insurance	58,800	58,766	34
Contracts and services	137,000	130,585	6,415
DCI expense	65,300	65,129	171
Office supplies	9,300	9,032	268
Utilities	233,000	204,890	28,110
Telephone	6,500	6,170	330
Uniforms	1,500	-	1,500
Trainings and seminars	1,000	-	1,000
Vehicle expense	54,000	238,899	(184,899)
Repairs and maintenance	365,000	409,222	(44,222)
Capital outlay	105,000	26,998	78,002
Miscellaneous	2,000	1,640	360
	<u>1,529,400</u>	<u>1,639,941</u>	<u>(110,541)</u>
Total streets			
SANITATION:			
Landfill charges	15,000	-	15,000
Contracts and services	2,166,600	2,171,274	(4,674)
	<u>2,181,600</u>	<u>2,171,274</u>	<u>10,326</u>
Total sanitation			

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
RECREATION:			
Salaries	273,700	282,013	(8,313)
FICA and medicare	6,300	6,370	(70)
Worker's compensation	900	922	(22)
Retirement	57,100	56,734	366
Health insurance	43,600	43,595	5
Phone allowance	500	480	20
Contractual services	26,300	29,105	(2,805)
Office supplies	2,200	2,167	33
Utilities	21,000	22,060	(1,060)
Telephone	3,300	3,273	27
Travel	100	44	56
Training	600	515	85
Uniforms	500	6,369	(5,869)
Vehicle maintenance	4,200	3,868	332
Equipment maintenance	24,100	20,684	3,416
Capital outlay	176,500	169,881	6,619
Miscellaneous	<u>80,300</u>	<u>89,332</u>	<u>(9,032)</u>
 Total recreation	 <u>721,200</u>	 <u>737,412</u>	 <u>(16,212)</u>
DEBT SERVICE:			
Principal	-	904,258	(904,258)
Interest	<u>430,900</u>	<u>618,450</u>	<u>(187,550)</u>
 Total debt service	 430,900	 1,522,708	 (1,091,808)
 Total expenditures	 <u>25,487,250</u>	 <u>26,667,955</u>	 <u>(1,180,705)</u>
 Excess (deficit) of revenues over expenditures	 <u>\$ (4,325,650)</u>	 <u>\$ (2,720,093)</u>	 <u>\$ 1,605,557</u>

**CITY OF ZACHARY, LOUISIANA
UTILITY FUND**

**SCHEDULE OF OPERATING EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
Water department:			
Salaries	\$ 214,500	\$ 221,491	\$ (6,991)
FICA and Medicare	3,400	3,304	96
Worker's compensation insurance	600	593	7
Utilities	170,000	162,289	7,711
Equipment maintenance	35,500	29,050	6,450
Vehicle maintenance	1,600	-	1,600
Vehicle fuel	25,000	22,896	2,104
Repairs and maintenance	650,000	600,662	49,338
Telephone	12,500	13,843	(1,343)
Retirement	50,600	50,540	60
Uniforms	2,500	2,478	22
Health insurance	37,000	36,742	258
Schools, seminars, and travel	16,000	6,347	9,653
Water tower maintenance	93,000	92,904	96
Miscellaneous	4,100	2,782	1,318
Contracts and services	872,000	778,710	93,290
	<u>2,188,300</u>	<u>2,024,631</u>	<u>163,669</u>
Total water department			
	<u>2,188,300</u>	<u>2,024,631</u>	<u>163,669</u>
Gas department:			
Salaries	214,500	221,428	(6,928)
FICA and Medicare	3,400	3,305	95
Worker's compensation insurance	600	593	7
Utilities	7,600	7,602	(2)
Equipment maintenance	36,600	28,997	7,603
Vehicle maintenance	1,600	108	1,492
Vehicle fuel	25,000	23,254	1,746
Repairs and maintenance	266,900	283,070	(16,170)

**CITY OF ZACHARY, LOUISIANA
UTILITY FUND**

**SCHEDULE OF OPERATING EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
Gas department (continued):			
Purchase of gas	1,044,600	1,119,104	(74,504)
Telephone	11,300	11,204	96
Retirement	50,600	50,525	75
Uniforms	3,300	3,307	(7)
Health insurance	37,000	36,766	234
Schools, seminars, and travel	14,600	14,544	56
Miscellaneous	3,700	3,647	53
Contracts and services	<u>230,000</u>	<u>205,743</u>	<u>24,257</u>
 Total gas department	 <u>1,951,300</u>	 <u>2,013,197</u>	 <u>(61,897)</u>
Sewer department:			
Salaries	214,500	221,575	(7,075)
FICA and Medicare	3,400	3,315	85
Worker's compensation insurance	600	598	2
Utilities	55,000	48,248	6,752
Equipment maintenance	31,500	24,786	6,714
Vehicle maintenance	1,600	154	1,446
Vehicle fuel	25,000	23,254	1,746
Repairs and maintenance	175,000	153,053	21,947
Sewer rehab	30,000	-	30,000
Telephone	10,000	10,335	(335)
Retirement	50,600	50,525	75
Uniforms	2,500	2,487	13
Health insurance	37,000	36,772	228
Schools, seminars, and travel	5,000	1,443	3,557
Miscellaneous	1,600	1,031	569
Contracts and services	<u>600,000</u>	<u>552,915</u>	<u>47,085</u>
 Total sewer department	 <u>1,243,300</u>	 <u>1,130,491</u>	 <u>112,809</u>

**CITY OF ZACHARY, LOUISIANA
UTILITY FUND**

**SCHEDULE OF OPERATING EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
Meters:			
Equipment maintenance	15,500	11,348	4,152
Vehicle maintenance	500	-	500
Vehicle fuel	13,000	12,879	121
Repairs and maintenance	500	242	258
Supplies	2,200	2,144	56
Miscellaneous	50,500	49,218	1,282
Contracts and services	170,000	162,836	7,164
	<hr/>	<hr/>	<hr/>
Total meters	252,200	238,667	13,533
	<hr/>	<hr/>	<hr/>
Warehouse:			
Salaries	257,800	257,087	713
FICA and Medicare	4,200	3,743	457
Worker's compensation insurance	500	519	(19)
Utilities	6,000	1,643	4,357
Vehicle fuel	-	71	(71)
Repairs and maintenance	5,000	2,100	2,900
Telephone	4,500	4,572	(72)
Retirement	69,400	69,256	144
Uniforms	800	659	141
Health insurance	26,700	26,342	358
Supplies	4,000	3,635	365
Miscellaneous	3,300	3,091	209
	<hr/>	<hr/>	<hr/>
Total warehouse	382,700	372,753	9,947
	<hr/>	<hr/>	<hr/>

**CITY OF ZACHARY, LOUISIANA
UTILITY FUND**

**SCHEDULE OF OPERATING EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2025

	Final Budget	Actual	Variance - positive (negative)
Cashiers and billings:			
Salaries	182,300	182,574	(274)
FICA and Medicare	3,400	2,583	817
Worker's compensation insurance	200	46	154
Office supplies	3,000	3,473	(473)
Schools and seminars	-	475	(475)
Uniforms	600	654	(54)
Miscellaneous	5,200	5,372	(172)
Retirement	49,900	50,525	(625)
Health insurance	15,100	12,733	2,367
	<u>259,700</u>	<u>258,435</u>	<u>1,265</u>
General and administrative:			
Salaries	329,600	331,587	(1,987)
FICA and Medicare	5,500	5,299	201
Worker's compensation insurance	300	219	81
Health insurance	67,100	66,763	337
Retirement	86,400	67,223	19,177
Bill printing	114,000	113,951	49
Supplies	10,300	2,917	7,383
Bank fees	11,000	9,239	1,761
Computer expense	55,000	54,060	940
Professional services	60,600	54,662	5,938
Repairs and maintenance	44,000	46,542	(2,542)
Property and liability insurance	755,000	533,706	221,294
Vehicle lease	246,000	223,127	22,873
Depreciation and amortization	2,200,000	2,395,442	(195,442)
Interest	118,000	131,558	(13,558)
Miscellaneous	11,600	9,653	1,947
Contracts and services	32,000	94,843	(62,843)
	<u>4,146,400</u>	<u>4,140,791</u>	<u>5,609</u>
Total expenses	<u>\$ 10,423,900</u>	<u>\$ 10,178,965</u>	<u>\$ 244,935</u>

**CITY OF ZACHARY, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended June 30, 2025

Agency Head: David McDavid, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 89,390
Benefits - insurance	14,448
Benefits - retirement	25,029
Travel	2,292
Phone allowance	519
	<u>\$ 131,678</u>

CITY OF ZACHARY, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION

For the year ended June 30, 2025

	First Six Month Period Ending December 31, 2024	Second Six Month Period Ending June 30, 2025
BEGINNING BALANCE OF AMOUNTS COLLECTED	\$ 618,468	\$ 895,833
COLLECTIONS		
Civil Fees	86,411	80,863
Criminal Court Costs/Fees	37,474	30,283
Criminal Fines - Contempt/Bench Warrant Fees	37,231	38,755
Criminal Fines - City of Zachary	164,274	146,108
Criminal Judicial Building Fund	12,528	10,171
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	11,764	10,469
TOTAL COLLECTIONS	349,682	316,649
DISBURSEMENTS TO GOVERNMENTS AND NON-PROFITS:		
Act 654- Head Trauma, LDHH-THSCI	4,550	3,620
Act-440 Law Enforcement Training, Criminal	78	90
Indigent Defender Fund(Office of Public Defender), Criminal Fines and Fees	54,252	44,428
Art 887f(1) Case Management (Treasurer, State of Louisiana- CMIS), Criminal Fines	3,594	3,004
Act 250- Crime Victims Rep Fund (LA Commission on Law Enforcement), Criminal Fines	188	293
State Treasurer's Office, Disability Affairs Trust Fund	25	-
Judicial Court Fund (Zachary City Court)	5,885	6,031
City of Zachary Fine, Criminal Fines	1,202	1,883
Art 887C.1 PEI Machine (Louisiana State Police), Criminal Fines and Fees	-	75
Art 887C- Zachary Police Department (City of Zachary) Criminal Fines and Fees	28	50
Art 887D- City of Zachary, Criminal Fines and Fees	100	300
Act 832- Drug Abuse Education (Louisiana Commission on Law Enforcement), Criminal	1,015	1,100
Act 405 Judicial College Fund (Louisiana Supreme Court), Criminal Fines and Fees	600	491
TOTAL DISBURSEMENTS	71,517	61,365
AMOUNTS RETAINED BY COLLECTING AGENCIES:		
Restitution Payments to Individuals (additional detail is not required)	800	1,000
TOTAL DISBURSEMENTS / RETAINAGE	72,317	62,365
TOTAL ENDING BALANCE OF AMOUNTS COLLECTED AND NOT DISBURSED	\$ 895,833	\$ 1,150,117

PERFORMANCE AND STATISTICAL DATA

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
(UNAUDITED)

June 30, 2025

<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Type of Coverage</u>	<u>Coverage Limits</u>
Princeton Excess	11/1/2025	General Liability	\$2,000,000
Princeton Excess	11/1/2025	Employee Practices Liability	\$2,000,000
Princeton Excess	11/1/2025	Automobile Liability	\$2,000,000
Princeton Excess	11/1/2025	Law Enforcement Liability	\$2,000,000
Princeton Excess	11/1/2025	Public Official Liability	\$2,000,000
Western Surety	11/1/2025	Crime	
		Employee Theft	\$250,000
		Forgery / Alteration	\$250,000
		Money & Securities	
		Inside Premises	\$10,000
		Outside Premises	\$5,000
		Computer Fraud	\$250,000
		Funds Transfer Fraud	\$250,000
Louisiana Workers Compensation Corp.	1/1/2026	Workers Compensation	Statutory Limits
AmGuard Insurance	11/1/2025	Auto Physical Damage & Scheduled Autos	ACV

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF UTILITY STATISTICS
(UNAUDITED)

For the years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Gas:		
Gas sales	\$ 2,846,045	\$ 2,936,098
Gas purchased	\$ 1,119,104	\$ 902,185
MCF gas sold	257,616	255,362
Average monthly customers	5,714	5,659
MCF gas purchased	276,850	273,447
MCF gas unaccounted for	19,234	18,086
Average monthly billing per customer	\$ 41.51	\$ 43.24
Water:		
Water sales	\$ 3,295,139	\$ 3,368,490
Thousands of gallons of water sold	907,433	952,994
Average monthly customers	8,731	8,737
Average monthly billing per customer	\$ 31.45	\$ 32.13
Sewer:		
Sewer sales	\$ 1,529,781	\$ 1,579,202
Number of customers at year end	6,452	6,211
Average monthly billing per customer	\$ 19.76	\$ 21.19

OTHER INDEPENDENT AUDITORS' REPORTS

CITY OF ZACHARY, LOUISIANA

For the year ended June 30, 2025



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

The Honorable Mayor and
Members of the City Council,
City of Zachary, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF ZACHARY, LOUISIANA (CITY)** as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 29, 2025.

Internal Control over Financial Reporting

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

Address

6811 Jefferson Highway
Baton Rouge, LA 70806

Contact

P:225.927.6811
F:225.932.0000

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under the *Louisiana Governmental Audit Guide* and *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 results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with the *Louisiana Governmental Audit Guide* and *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the City Council and management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
December 29, 2025

CITY OF ZACHARY, LOUISIANA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the year ended June 30, 2025

1) Summary of Auditors' Results:

A) The type of report issued on the financial statements: **Unmodified opinion.**

B) Significant deficiencies in internal control disclosed by the audit of financial statements:
None reported.

Material weaknesses: **None.**

C) Noncompliance that is material to the financial statements: **None.**

2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **None.**

3) Findings relating to compliance reported in accordance with *Government Auditing Standards* and *Louisiana Governmental Audit Guide*: **None.**

4) FINDINGS – FINANCIAL STATEMENT

None.

5) FINDINGS – NONCOMPLIANCE

None.

CITY OF ZACHARY, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

For the year ended June 30, 2025

There were none.

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor and
Members of the City Council,
City of Zachary, Louisiana

We have examined the **CITY OF ZACHARY'S (CITY)** compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2025 OMB Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended June 30, 2025. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Louisiana Governmental Audit Guide*; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2025.

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Contact

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F:225.932.0000

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and the *Louisiana Governmental Audit Guide*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the City's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards* or the *Louisiana Governmental Audit Guide*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2025. Accordingly, this report is not suitable for any other purpose.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
December 29, 2025

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

CITY OF ZACHARY, LOUISIANA

For the year ended June 30, 2025

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Mayor and
Members of the City Council
City of Zachary, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. The **CITY OF ZACHARY, LOUISIANA'S** (the City) management is responsible for those C/C areas identified in the SAUPs.

The City 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 July 1, 2024 through June 30, 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:

4. Collections (excluding electronic fund transfers):

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A under “Bank Reconciliations” above (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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under #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;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- i. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, and
 - ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.
- D. Using the entity's main operating account and randomly select one month from the fiscal period, obtain the bank statement and 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.

7. Travel and Travel-Related Expense Reimbursement (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:
- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy and procedures #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF ASSOCIATED FINDINGS

For the year ended June 30, 2025

Associated Findings:

No associated findings were found as a result of applying the procedures listed above.

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

We are required to be independent of **CITY OF ZACHARY, LOUISIANA** 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.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 24, 2025