

TOWN OF ADDIS, LOUISIANA

ANNUAL FINANCIAL REPORT

**As of and For the Year Ended
December 31, 2025**

Town of Addis, LOUISIANA

Table of Contents

December 31, 2025

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS	1
REQUIRED SUPPLEMENTARY INFORMATION (PART I)	
Management's Discussion and Analysis	5
BASIC FINANCIAL STATEMENTS	
Government - Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Governmental Activities (General Fund)	
Balance Sheet	16
Reconciliation of the Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balance	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	19
Business-type Activities (Proprietary Fund Sewer System)	
Statement of Net Position	20
Statement of Revenues, Expenses and Changes in Net Position	22
Statement of Cash Flows	23
Notes to the Financial Statements	25
REQUIRED SUPPLEMENTARY INFORMATION (PART II UNAUDITED)	
Budgetary Comparison Schedules:	
General Fund	<i>Schedule 1</i> 59
Schedule of Employer's Proportionate Share of the Net Pension Liability	<i>Schedule 2</i> 60
Schedule of Employer's Pension Contributions	<i>Schedule 3</i> 61
OTHER INFORMATION	
Supplementary Schedules:	
Schedule of Compensation, Benefits and other Payments to Agency Head or Chief Executive Officer	<i>Schedule 4</i> 64
Schedule of Compensation Paid to Town Council	<i>Schedule 5</i> 65
Justice System Funding Schedule--Collecting/Disbursing Schedule	<i>Schedule 6</i> 66
Justice System Funding Schedule--Disbursements to Other Governments & Nonprofits Form	<i>Schedule 7</i> 67
Justice System Funding Schedule--Receiving Schedule	<i>Schedule 8</i> 68

Town of Addis, LOUISIANA

Table of Contents

December 31, 2025

Other Information

Schedule of Insurance in Force	<i>Schedule 9</i>	69
Schedule of Statistical Data	<i>Schedule 10</i>	70
Schedule of Debt Service Coverage Ratio	<i>Schedule 11</i>	71

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		72
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INDEPENDENT ACCOUNT'S REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS		74
Schedule of Findings and Responses	<i>Schedule 12</i>	76

INDEPENDENT ACCOUNTS'S REPORT ON APPLYING AGREED UPON PROCEDURES		77
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(August 10, 1933 – August 31, 2024)

INDEPENDENT AUDITOR’S REPORT

To the Honorable David Toups, Mayor
and the Council Members
Town of Addis
Addis, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Addis, Louisiana as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Addis, Louisiana’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Addis, Louisiana, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Addis, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Addis, Louisiana'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 Town of Addis, Louisiana'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 Required Supplementary Information on pages 5-13 and 59-61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Addis, Louisiana's basic financial statements. The accompanying supplementary schedules on pages 64-68 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 supplementary schedules 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 included in the annual report. The other information on pages 69-71 does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2026, on our consideration of the Town of Addis, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Addis, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Addis, Louisiana's internal control over financial reporting and compliance.

Baxley & Associates, LLC

Plaquemine, Louisiana
June 29, 2026

Town of Addis, Louisiana

Management's Discussion and Analysis (Unaudited)

We offer the readers of the financial statements of the Town of Addis, Louisiana, this narrative overview and analysis of the financial activities of the Town of Addis (hereafter referred to as the "Town") for the fiscal year ended December 31, 2025.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2025 fiscal year include the following:

- The Town's assets exceeded its liabilities at the close of the fiscal year by \$40,136,948 (net position). Of this amount, \$6,906,265 (unrestricted net position) may be used to meet the government's obligations to citizens and creditors.
- The Town's total net position increased by \$2,188,995 for the year ended December 31, 2025. Net position of governmental activities increased by \$560,391, and net position of business-type activities increased by \$1,628,604.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$6,772,359, an increase of \$194,992 in comparison with the prior fiscal year. Of this amount, \$203,036 is restricted in use.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$6,569,323 or 105.3% of total General Fund expenditures.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business, and are reported in two government-wide financial statements:

- The **Statement of Net Position** presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Town of Addis, Louisiana

Management's Discussion and Analysis (Unaudited), Continued

- The **Statement of Activities** presents information showing how the Town's net position changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

The Town's government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Town's governmental activities include general government, public safety, streets and roads. The business-type activities of the Town include sanitary sewer facilities.

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. The Town's funds are classified into two categories: governmental funds and proprietary funds.

- ***Governmental Funds:*** These funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. The focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

The focus of governmental funds is narrower than that of the government-wide financial statements; therefore, a comparison should be made between the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will present a better understanding of the long-term impact of the government's near-term financing decisions.

The Town maintains a General governmental fund which covers the operations of the Town, including police protection services for citizens, maintenance of streets and roads, and the general administrative office.

The Town adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

Town of Addis, Louisiana

Management's Discussion and Analysis (Unaudited), Continued

- ***Proprietary funds:*** The Town maintains one type of proprietary fund—*Enterprise*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its sanitary sewer facilities activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the Financial Statements

The notes to the financial statements included in this report provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Town of Addis, Louisiana

Management's Discussion and Analysis (Unaudited), Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceed liabilities by \$40,136,948 at December 31, 2025.

A large portion of the Town's net position (82 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, machinery, vehicles and equipment), less any related debt used to acquire those assets that are still outstanding. The Town used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed version of the Town's Net Position is presented as follows:

	Government Activities		Business-type Activities		Total	
	2025	2024	2025	2024 (Restated)	2025	2024 (Restated)
Current and other assets	\$ 8,195,498	\$ 10,112,784	\$ 3,107,977	\$ 5,129,462	\$11,303,475	\$ 15,242,246
Capital assets	22,525,011	22,983,267	12,795,984	11,229,250	35,320,995	34,212,517
Total assets	30,720,509	33,096,051	15,903,961	16,358,712	46,624,470	49,454,763
Deferred outflows	276,720	377,994	-	-	276,720	377,994
Current and other liabilities	1,412,848	3,492,577	797,508	2,647,863	2,210,356	6,140,440
Long-term liabilities	2,098,112	3,259,364	2,252,000	2,485,000	4,350,112	5,744,364
Total liabilities	3,510,960	6,751,941	3,049,508	5,132,863	6,560,468	11,884,804
Deferred inflows	203,774	-	-	-	203,774	-
Net position:						
Net Investment						
in Capital Assets	22,510,631	22,944,433	10,310,984	8,514,250	32,821,615	31,458,683
Restricted for:						
Road maintenance	203,036	203,036	-	-	203,036	203,036
Debt service	-	-	206,032	212,220	206,032	212,220
Unrestricted	4,568,828	3,574,635	2,337,437	2,499,379	6,906,265	6,074,014
Total net position	\$27,282,495	\$ 26,722,104	\$12,854,453	\$ 11,225,849	\$40,136,948	\$ 37,947,953

The balance of unrestricted net position, \$6,906,265, may be used to meet the government's ongoing obligations to citizens and creditors.

At December 31, 2025, the Town is able to report positive fund balances in all categories of net position for governmental activities and business activities.

Town of Addis, Louisiana

Management's Discussion and Analysis (Unaudited), Continued

The Town's net position increased by \$2,188,995 during the current fiscal year. Net position from governmental activities increased \$560,391 and its business-type activities had an increase of \$1,628,604. A condensed version of the Town of Addis's Statement of Activities is presented as follows:

	Government Activities		Business-type Activities		Total	
	2025	2024	2025	2024 (Restated)	2025	2024 (Restated)
Revenues						
Program revenues:						
Charges for services	\$ 459,344	\$ 504,044	\$ 1,300,841	\$ 1,346,913	\$ 1,760,185	\$ 1,850,957
Grants and contributions	163,251	132,374	-	454,460	163,251	586,834
Capital grants and contributions	-	25,000	1,618,331	-	1,618,331	25,000
General revenues:						
Sales taxes	5,336,539	6,714,700	-	-	5,336,539	6,714,700
Other taxes	435,145	369,382	-	-	435,145	369,382
Licenses and permits	-	-	-	-	-	-
Other general revenues	99,686	69,946	77,052	129,124	176,738	199,070
Total revenues	6,493,965	7,815,446	2,996,224	1,930,497	9,490,189	9,745,943
Expenses						
General government	2,602,259	6,673,952	-	-	2,602,259	6,673,952
Public safety	2,332,829	2,428,141	-	-	2,332,829	2,428,141
Public services	997,823	1,168,714	-	-	997,823	1,168,714
Water, sewage and gas	-	-	1,395,003	1,464,439	1,395,003	1,464,439
Total expenses	5,932,911	10,270,807	1,395,003	1,464,439	7,327,914	11,735,246
Excess (Deficiency) before Transfers and Other Financing Sources (Uses)	561,054	(2,455,361)	1,601,221	466,058	2,162,275	(1,989,303)
Gain on disposal of fixed assets	26,720	11,500	-	-	26,720	11,500
Change in net position	560,391	(2,443,861)	1,628,604	466,058	2,188,995	(1,977,803)
Net position, beginning of year	26,722,104	29,165,965	11,225,849	10,759,791	37,947,953	39,925,756
Net position, end of year	\$ 27,282,495	\$ 26,722,104	\$ 12,854,453	\$ 11,225,849	\$ 40,136,948	\$ 37,947,953

Town of Addis, Louisiana

Management's Discussion and Analysis (Unaudited), Continued

GOVERNMENTAL FUND FINANCIAL ANALYSIS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As a measure of the Town's liquidity, it may be useful to compare fund balance to total expenditures. Unreserved and unassigned fund balance represents 105.3% of total fund expenditures.

During the current year, the fund balance of the Town's general fund increased by \$194,992.

Proprietary Funds. The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As noted above, the Town maintains one enterprise fund for its sanitary sewer facilities activities. For the fiscal year ended December 31, 2025, this fund reported net position of \$12,854,453, which is a net increase from the prior year of \$1,628,604.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town received \$132,987 less than its budgeted revenues. Total expenditures were less than the final amended budget by \$1,094,199 resulting in a \$961,212 favorable variance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Town's investment in capital assets for its governmental and business type activities as of December 31, 2025 amounts to \$35,320,995 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and wastewater treatment plant.

Major capital asset events during the current fiscal year included the following:

- \$184,727 was spent on purchases of police vehicles
- \$87,974 was spent for the purchase of various police equipment
- \$480,765 was spent to overlay streets
- \$470,087 was spent on projects for the improvement to drainage
- \$1,960,301 was spent on wastewater treatment plant improvements
- \$48,126 was spent on construction in progress for improvements to the sewer system
- \$7,290 was spent on machinery and equipment for the sewer system

Town of Addis, Louisiana

Management's Discussion and Analysis (Unaudited), Continued

	Government Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 727,136	\$ 727,136	\$ 16,755	\$ 16,755	\$ 743,891	\$ 743,891
Land rights	-	-	61,641	61,641	61,641	61,641
Construction in Progress	-	80,638	48,126	614,039	48,126	694,677
Improvements other than buildings	31,980,196	30,995,552	-	-	31,980,196	30,995,552
Buildings and structures	1,013,764	947,517	86,169	86,169	1,099,933	1,033,686
Historic railroad park	833,435	833,435	-	-	833,435	833,435
Museum	196,669	196,669	-	-	196,669	196,669
Sewer facility	-	-	18,362,787	15,788,447	18,362,787	15,788,447
Furniture and fixtures	32,582	32,582	-	-	32,582	32,582
Vehicles						
Town	59,092	59,092	164,720	164,720	223,812	223,812
Police	959,779	933,870	-	-	959,779	933,870
Machinery and equipment						
Town	1,027,524	1,027,524	733,907	726,617	1,761,431	1,754,141
Police	265,051	177,077	-	-	265,051	177,077
Website	12,195	12,195	-	-	12,195	12,195
Works of art	9,343	9,343	-	-	9,343	9,343
Subtotal	37,116,766	36,032,630	19,474,105	17,458,388	56,590,871	53,491,018
Less: Accumulated depreciation	(14,605,772)	(13,087,875)	(6,678,121)	(6,229,138)	(21,283,893)	(19,317,013)
	22,510,994	22,944,755	12,795,984	11,229,250	35,306,978	34,174,005
SBITA	108,463	108,463	-	-	108,463	108,463
Less: accumulated amortization	(94,446)	(69,951)	-	-	(94,446)	(69,951)
	14,017	38,512	-	-	14,017	38,512
Total investment in capital assets, net	\$ 22,525,011	\$ 22,983,267	\$ 12,795,984	\$ 11,229,250	\$ 35,320,995	\$ 34,212,517

Town of Addis, Louisiana

Management's Discussion and Analysis (Unaudited), Continued

Long-term Debt:

The Department of Environmental Quality (DEQ) project to upgrade the wastewater treatment plant began in 2010 and is financed by issuance of \$1,569,060 Sewer Revenue Bonds Series 2010. The bonds were purchased by the Clean Water State Revolving Fund (CFDA 66.458) administered by the Louisiana Department of Environmental Quality. All projects were completed during 2012 and the Town had received loan proceeds in the amount of \$1,569,060. As of December 31, 2025, the outstanding loan balance was \$421,000. During 2017, another loan was approved for up to \$3,000,000 in improvements to the sewer system. The project was completed during 2021 and the Town received loan proceeds in the amount of \$3,000,000. As of December 31, 2025, the outstanding loan balance was \$2,064,000. The total outstanding on the two loans was \$2,485,000 as of December 31, 2025. As of December 31, 2025, the Town reported a total Subscription-Based Information Technology Arrangement (SBITA) liability of \$14,380. See Note 8 to the basic financial statements for further discussion of SBITA liability.

Long Term Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenue Bonds Payable	\$ -	\$ -	\$ 2,485,000	\$ 2,715,000	\$ 2,485,000	\$ 2,715,000
Net Pension Liability	1,348,112	1,744,984	-	-	1,348,112	1,744,984
Compensated absences	12,863	11,520	994	-	13,857	11,520
SBITA	14,380	38,834	-	-	14,380	38,834
Total Long Term Debt	<u>\$ 1,375,355</u>	<u>\$ 1,795,338</u>	<u>\$ 2,485,994</u>	<u>\$ 2,715,000</u>	<u>\$ 3,861,349</u>	<u>\$ 4,510,338</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Generally, the outlook for 2026 is favorable for projected revenues. 2026 revenues are favorable, and with several industrial expansions and growth in population, the adjustment to sales tax revenues should be favorable for the projected trend. Health insurance premiums were budgeted for a 15% increase and the renewal was less than budgeted, and employees were given a 4% raise, which was also budgeted. The Town's contribution to the Louisiana Municipal Police Employee Retirement program will decrease from 33.475% to 29.35%, effective July 1, 2026. The Town also budgeted \$600,000 to be used for road improvement projects in 2026, \$500,000 drainage improvement projects, \$205,000 in public works equipment purchases, and \$150,000 in police department equipment purchases.

The Sewer Fund capital outlay budget includes funding for the purchase of new equipment and upgrades to existing sewer infrastructure, more projects and increases to the budget may happen as projects are approved to use the Coronavirus State and Local Fiscal Recovery Funds. Health insurance premiums

Town of Addis, Louisiana

Management's Discussion and Analysis (Unaudited), Continued

were budgeted for a 15% increase and the renewal was less than budgeted and employees were given a 4% salary increase. The Town also budgeted \$100,000 in equipment purchases in the Sewer Budget as well as \$200,000 in sewer improvements.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Jade Simpson, Town Clerk, at (225) 687-4844.

TOWN OF ADDIS, LOUISIANA

Statement of Net Position

December 31, 2025

	Primary Government		
	Government activities	Business-type activities	Total
Assets			
Cash and cash equivalents	\$ 6,838,557	\$ 1,749,515	\$ 8,588,072
Receivables, net	502,560	97,871	600,431
Due from other funds	15,674	(15,674)	-
Prepays	37,535	1,489	39,024
Inventory	-	44,993	44,993
Investments	586,199	-	586,199
Restricted:			
Cash and cash equivalents	214,973	442,945	657,918
Investments	-	786,838	786,838
Capital assets:			
Non-depreciable	727,136	126,522	853,658
Depreciable, net of depreciation	21,783,858	12,669,462	34,453,320
Intangible right-to-use software agreements, net of amortization	14,017	-	14,017
Total assets	30,720,509	15,903,961	46,624,470
Deferred Outflow of Resources - Pension related	276,720	-	276,720
Total assets and deferred outflows of resources	30,997,229	15,903,961	46,901,190
Liabilities			
Current liabilities:			
Accounts payable	455,821	99,037	554,858
Retainage payable	47,883	228,755	276,638
Accrued liabilities	102,080	-	102,080
Refunds payable	3,590	-	3,590
Payable from restricted assets:			
Civil bonds held	12,111	-	12,111
Accrued interest payable	-	3,913	3,913
Bonds payable, due within one year	-	233,000	233,000
Unearned revenues	14,120	231,809	245,929
Noncurrent liabilities:			
Due within one year:			
SBITA liability - current portion	14,380	-	14,380
Accrued liabilities	750,000	-	750,000
Compensated absences	12,863	994	13,857
Due in more than one year:			
Compensated absences	-	-	-
Accrued liabilities	750,000	-	750,000
Bonds payable, due in more than one year	-	2,252,000	2,252,000
Net pension liability	1,348,112	-	1,348,112
SBITA liability - long-term	-	-	-
Total liabilities	3,510,960	3,049,508	6,560,468
Deferred Inflow of Resources - Pension related	203,774	-	203,774
Total liabilities and deferred inflows of resources	3,714,734	3,049,508	6,764,242
Net Position			
Invested in capital assets, net of related debt	22,510,631	10,310,984	32,821,615
Restricted for:			
Road maintenance	203,036	-	203,036
Debt service	-	206,032	206,032
Unrestricted	4,568,828	2,337,437	6,906,265
Total net position	\$ 27,282,495	\$ 12,854,453	\$ 40,136,948

TOWN OF ADDIS, LOUISIANA

Statement of Activities

For the Year Ended December 31, 2025

Functions/programs	Program Revenues				Net (expenses) revenue and change in net position		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental	Primary Government	Total
					activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 2,602,259	\$ 235,995	\$ -	\$ -	\$ (2,366,264)	\$ -	\$ (2,366,264)
Public safety	2,332,829	217,789	154,676	-	(1,960,364)	-	(1,960,364)
Public services	997,823	5,560	8,575	-	(983,688)	-	(983,688)
Total governmental activities	5,932,911	459,344	163,251	-	(5,310,316)	-	(5,310,316)
Business-type activities							
Sewer user charges	1,395,003	1,300,841	-	1,618,331	-	1,524,169	1,524,169
Total business-type activities	\$ 1,395,003	\$ 1,300,841	\$ -	\$ 1,618,331	-	1,524,169	1,524,169
General revenues:							
General purpose sales and use taxes					5,336,539	-	5,336,539
Franchise taxes					412,899	-	412,899
Other taxes					22,246	-	22,246
Investment earnings					44,878	77,052	121,930
Other income					54,808	-	54,808
Total general revenues and transfers					5,871,370	77,052	5,948,422
Other financing sources (uses):							
Gain/(loss) on disposal of fixed assets					26,720	-	26,720
Transfer in/(out)					(27,383)	27,383	-
Total other financing sources (uses)					(663)	27,383	26,720
Change in net position					560,391	1,628,604	2,188,995
Net position - beginning					26,722,104	11,337,493	38,059,597
Restatement - Note 22					-	(111,644)	(111,644)
Net position - beginning, as restated					26,722,104	11,225,849	37,947,953
Net position - ending					\$ 27,282,495	\$ 12,854,453	\$ 40,136,948

TOWN OF ADDIS, LOUISIANA

Balance Sheet-Governmental Fund-General Fund

December 31, 2025

	2025
Assets	
Cash and cash equivalents	\$ 6,838,557
Receivables-	
Franchise tax	113,565
Accrued interest	-
Other	1,290
Due from other governments-	
Sales tax	386,251
Other	1,454
Due from other funds	17,749
Investments	586,199
Restricted assets	
Cash	214,973
Total assets	<u>\$ 8,160,038</u>
Liabilities and Fund Balances	
Current liabilities:	
Accounts payable	\$ 455,820
Retainage payable	47,883
Accrued liabilities	852,080
Refunds payable	3,590
Due to other funds	2,075
Unearned revenue	14,120
Payable from restricted assets	
Bonds payable, due within one year	12,111
Total liabilities	<u>1,387,679</u>
Fund Balances	
Restricted for road maintenance	203,036
Unassigned	6,569,323
Total fund balances	<u>\$ 6,772,359</u>
Total liabilities and fund balances	<u>\$ 8,160,038</u>

TOWN OF ADDIS, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2025

Fund balances - total governmental funds	\$ 6,772,359
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	
Governmental capital & subscription-based arrangement assets	37,225,230
Less accumulated depreciation and amortization	<u>(14,700,220)</u>
	22,525,010
Prepaid insurance premiums in governmental activities are not recognized as expenditures for governmental funds	37,535
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	
Pension related changes reported as deferred outflows	276,720
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Subscription-based information technology arrangement	(14,380)
Compensated absences	(12,863)
Pension related changes reported as deferred inflows	(203,774)
Net pension liability	(1,348,112)
Litigation payable	<u>(750,000)</u>
	(2,329,129)
Net position of governmental activities	<u><u>\$ 27,282,495</u></u>

TOWN OF ADDIS, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds-General Fund

For the Year Ended December 31, 2025

Revenues

Taxes	\$ 235,995
Franchise fees	412,899
Intergovernmental	5,464,140
Charges for services	5,560
Fines and forfeitures	217,789
Investment earnings	44,878
Miscellaneous	81,527
Total revenues	<u>6,462,788</u>

Expenditures

Current:	
General government	2,110,037
Public safety	2,175,365
Roads and drainage	686,293
Debt services:	
Debt service - principal payments	24,454
Debt service - interest expense	1,310
Capital outlay	<u>1,242,954</u>
Total expenditures	<u>6,240,413</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>222,375</u>
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Other Financing Sources (Uses)

Transfers out	<u>(27,383)</u>
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Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses

194,992

Fund Balance

Beginning	<u>6,577,367</u>
Ending	<u><u>\$ 6,772,359</u></u>

TOWN OF ADDIS, LOUISIANA

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, Changes in Fund Balances to the Statement of Activities For the Year Ended December 31, 2025

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds	\$ 194,992
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Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay	1,242,954
Depreciation expense	(1,676,715)
Amortization expense	(24,496)
	<u>(458,257)</u>

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds.
Neither transaction, however, has any effect on fund balances.

Principal payments	24,454
Other financing sources - SBITA proceeds	-
	<u>24,454</u>

Expenditures that do not use current financial resources are not
reported as expenses in the Statement of Revenues, Expenditures
and Changes in Fund Balance

Current prepaid insurance	37,535
Prior year prepaid insurance	(78,814)
	<u>(41,279)</u>

Some expenses reported in the statement of activities do not require the
use of current financial resources and, therefore, are not reported as
expenditures in governmental funds.

Change in compensated absences	(1,343)
Pension expenses	91,824
Litigation expenses	750,000
	<u>840,481</u>

Change in net position of governmental activities	<u><u>\$ 560,391</u></u>
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TOWN OF ADDIS, LOUISIANA

Statement of Net Position, Proprietary Fund**December 31, 2025**

	Business-type Activities Enterprise Fund Sewer Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 1,749,515
Accounts receivable, net	97,871
Due from other fund	2,075
Prepaid expenses and other current assets	1,489
Inventory-tanks	44,993
Total current assets	<u>1,895,943</u>
Non-current Assets	
Restricted:	
Cash and cash equivalents	442,945
Investments	786,838
Total restricted assets	<u>1,229,783</u>
Capital assets:	
Non-depreciable	126,522
Depreciable, net of accumulated depreciation	<u>12,669,462</u>
Total capital assets (net of accumulated depreciation)	<u>12,795,984</u>
Total non-current assets	<u>14,025,767</u>
Total assets	<u>15,921,710</u>

TOWN OF ADDIS, LOUISIANA

Statement of Net Position, Proprietary Fund, Continued**December 31, 2025**

	Business-type Activities Enterprise Fund Sewer System
Liabilities	
Current Liabilities (payable from current assets):	
Accounts payable	99,037
Retainage payable	228,755
Due to other funds	17,749
Current liabilities payable from restricted assets:	
Accrued interest payable	3,913
Sewer revenue bonds payable	233,000
Unearned revenues	231,809
Total current liabilities	814,263
Non-current Liabilities:	
Sewer revenue bonds payable	2,252,000
Compensated absences	994
Total non-current liabilities	2,252,994
Total liabilities	3,067,257
Net Position	
Invested in capital assets, net of related debt	10,310,984
Restricted for debt service	206,032
Unrestricted	2,337,437
Total net position	\$ 12,854,453

TOWN OF ADDIS, LOUISIANA

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

	Business-type Activities Enterprise Fund Sewer System
Operating Revenues	
Charges for services	\$ 1,251,373
Installations	15,600
Impact fees	33,750
Other operating income	118
Total Operating Revenues	1,300,841
Operating Expenses	
Personal services	425,644
Utilities	130,316
Operating expenses	293,723
Contract services	70,905
Depreciation	448,984
Total Operating Expenses	1,369,572
Operating Income (Loss)	(68,731)
Nonoperating Revenues (Expenses)	
Administrative fees	(13,575)
Federal grants	1,618,331
Interest income	77,052
Interest expense	(11,856)
Recovery of bad debts	-
Total Nonoperating Revenues (Expenses)	1,669,952
Income (Loss) before contributions and transfers	1,601,221
Contributions and Transfers In (Out)	
Transfer in	27,383
Total Contributions and Transfers In (Out)	27,383
Change in net position	1,628,604
Net position	
Net position - beginning	11,337,493
Restatement - Note 22	(111,644)
Net position - beginning, as restated	11,225,849
Ending	\$ 12,854,453

*The Accompanying Notes are an
integral part of this statement*

TOWN OF ADDIS, LOUISIANA

Statement of Cash Flows

Proprietary Fund

For the Year Ended December 31, 2025

	Business-type Activities Enterprise Fund Sewer System
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,297,754
Payments to suppliers	(678,707)
Payments to employees for services and benefits	(424,650)
Other operating cash receipts	118
Net Cash Provided By (Used In) Operating Activities	194,515
Cash Flows From Noncapital Financing Activities	
Transfers from other funds	1,604
Net Cash Provided By (Used in) Noncapital Financing Activities	1,604
Cash Flows From Capital and Related Financing Activities	
Proceeds from bonds issued	-
Purchase of capital assets	(2,015,718)
Interest and administrative fees paid	(25,793)
Principal paid on revenue bonds	(230,000)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(2,271,511)
Cash Flows From Investing Activities	
Withdrawals of investments	1,881,016
Net Cash Provided By (Used In) Investing Activities	1,881,016
Increase (Decrease) in Cash and Cash Equivalents	(194,376)
Cash and Cash Equivalents	
Beginning	2,386,836
Ending	\$ 2,192,460
Cash and Cash Equivalents	\$ 1,749,515
Restricted Assets	442,945
Totals	\$ 2,192,460
Noncash Investing, Capital, and Financing Activities	
Net assets contributed to the system	\$ -

TOWN OF ADDIS, LOUISIANA

Statement of Cash Flows***Proprietary Fund, Continued******For the Year Ended December 31, 2025***

	Business-type Activities Enterprise Fund Sewer System
Cash Flows From Operating Activities	
Operating income	\$ (68,731)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	448,984
(Increase) decrease in assets	
Accounts receivable	(2,969)
Unbilled accounts receivable	-
Prepaid expenses	21,863
Inventory	30,031
Increase (decrease) in liabilities	
Accounts payable	(235,657)
Compensated absences	994
Unearned income	-
Net Cash Provided By (Used In) Operating Activities	\$ 194,515

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements

December 31, 2025

1. Introduction

The Town of Addis was incorporated September 1915, under the provisions of Title 33, Chapter 2. Part I, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The "Town" operates under a Mayor - Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

The Town's financial statements are prepared in accordance 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 accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the Town are discussed below.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The financial reporting entity consists of (a) the primary government (Town of Addis) (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. GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement 61, *The Financial Reporting Entity: Omnibus* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement the basic criteria are as follows:

- Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
- Whether the Town governing authority appoints a majority of board members of the potential component unit (or serves as board members of potential component unit as required by law) and whether operational responsibility for the potential component unit rests with the management of the primary government.
- Fiscal interdependency between the Town and potential component unit.
- Imposition of will by the Town on the potential component unit.
- Financial benefit/burden relationship between the Town and the potential component unit.

Based on the above criteria, the Town has no component units.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

BASIC FINANCIAL STATEMENTS -- GOVERNMENT-WIDE STATEMENTS

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's police, public works, and general administrative services are classified as governmental activities. The Town's sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (sales and use tax, franchise tax, and certain governmental revenues, etc). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

Program revenues must be directly associated with the function (public safety, public works and general administration) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (sales and use tax, franchise tax, intergovernmental revenue, interest income, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

BASIC FINANCIAL STATEMENTS -- FUND FINANCIAL STATEMENTS

The financial transactions of the Town are reported in individual funds in the financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves. Fund equity, revenues and expenditures/expenses.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

The emphasis in fund financial statements is on the major funds for either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Town had no non-major funds.

Governmental Funds. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period operations of the Town. The Town reports these major governmental funds and fund types:

General Fund. The General Fund is the main operating fund of the Town. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are net paid through other funds are paid from the General Fund.

Proprietary Fund Types. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Town reports the following proprietary fund types:

Enterprise Fund. Used to account for operations for which a fee is charged to external users for sewer services. The activities reported in this fund are reported as business-type activities in the government-wide financial statements.

Basis of Accounting. Basis of Accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It related to the timing of the measurements made regardless of the measurement focus applied.

Accrual. Both the governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Non-exchange revenues, including intergovernmental revenues and grants are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

Modified Accrual. The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Cash and cash equivalents. The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposit, government backed securities, state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at their fair value.

The Town 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. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.

Level 2 – Inputs including

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to fair value measurement.

Receivables. All receivables are reported net of estimated uncollectible amounts.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

Inventories and Prepaid Items. All inventories are stated at the first-in, first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and business-type fund financial statements.

Expenditures by the governmental funds for insurances or similar services that extend over more than one reporting period are not required to be allocated, but may be accounted for as expenditures in the period paid and is known as the non-allocation method. The Governmental Fund - General Fund - fund financial statements utilizes the non-allocation method.

Capital Assets. Capital assets, which include property, plant equipment, and infrastructure assets (e.g. roads, bridges, sidewalk and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. The Town maintains a threshold level of \$2,000 or more for capitalizing capital assets and \$50,000 for contributed assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the current fiscal year, no interest was incurred in the capitalized projects.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Building improvements	20-25 years
Improvements other than buildings	20 years
Sewer system	40-43 years
Mowers, tractors and attachments	10-15 years
Light trucks & equipment	5 years

Right-to-Use Subscription Assets. The Town has recorded right-to-use assets as a result of implementing GASB Statement No. 96. The right-to-use subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus and subscription payments made prior to the subscription term plus capitalizable implementation costs, less any incentives received from the vendor at or before the commencement of the subscription term. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

Subscription Liabilities. The Town has noncancelable subscriptions for police equipment and road & drainage equipment. The Town recognizes a subscription liability and an intangible right-to-use asset in the government-wide financial statements. Subscription liabilities are reported with long-term debt and current portion of debt on the Statement of Net Position.

The Town recognizes the subscription liability at the commencement of the subscription term when the assets are placed in service. The subscription liability will initially be measured at the present value of subscription payments expected to be made during the subscription term. The subscription liability is reduced by the principal portion of the subscription payments made.

Key estimates and judgements related to subscriptions include how the Town determines 1) the discount rate it uses to discount the expected payments to present value. 2) subscription term, and 3) subscription payments. The Town uses the risk free rate from the U.S. Department of Treasury website as the discount rate for subscription. The subscription includes the non-cancellable period of the subscription.

Unearned Revenues. Unearned revenues arise when resources are received before the Town has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Town has a legal claim to resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Compensated Absences. Employees of the Town earn vacation or sick leave at varying rates based upon length of service. Vacation leave of 40 hours is allowed to be carried over into the next year. Total accrued vacation leave as of December 31, 2025 totaled \$13,857. Unused personal/sick leave is not carried into the subsequent year, any unused personal/sick leave not taken by December 31 is lost. Any unused personal/sick leave is immaterial; therefore, no accrual has been made.

Long-Term Debt. Long-Term Debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term obligations for governmental funds are not reported as a liability in the fund financial statements.

The reporting of long-term debt in the proprietary statements is the same in the fund statements as it is in the government-wide statements.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

Fund Equity. Government-wide and proprietary fund net position are divided into three components:

- Net investment in capital assets - consist of historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position - consist of assets that are restricted by the Town's creditors, by state enabling legislation, by grantors, and by other contributors, less related liabilities and deferred inflows of resources.
- Unrestricted - all other net position are reported in this category.

Fund Financial Statements. In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable - Amounts that cannot be spent either because they are in a non-spendable 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 Town 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 Town ordinance or resolution.
- 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 Town Board of Councilmen.
- Unassigned - All amounts not included in other spendable classifications.

Use of Restricted Resources .When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

Interfund Activity. Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces it cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Defining Operating Revenues and Expenses. The Town's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Town's sewer fund consists of charges for services (including system development charges) and the costs of providing those services, including depreciation. All other revenues and expenses are reported as non-operating.

Deferred Outflows of Resources and Deferred Inflows of Resources and Net Position. In December 2010, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

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

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

Current Year Adoption of New Accounting Standards. The GASB has issued Statement No. 102, "Certain Risk Disclosures". The primary objective of this Statement is to require governments to disclose information about risks related to concentrations or constraints that make them vulnerable to substantial impacts. It provides users with essential information for decision-making and assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and had no material impact of the Town.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

Subsequent Events. In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through June 29, 2026, the date the financial statements were available to be issued.

2. Stewardship, Compliance and Accountability

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

- A proposed budget is prepared and submitted by the Mayor to the Board of Councilmen prior to the beginning of each fiscal year. The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
- The budget is adopted through passage of an ordinance prior to commencement of the fiscal year for which the budget is being adopted.
- Budgetary amendments involving the transfer of funds from one department program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval from the Board of Councilmen.
- Budgets for the General is adopted on a GAAP basis therefore these funds utilize the same basis of accounting for both budgetary purposes and actual results. The Budgetary Comparison Schedule presents a comparison of budgetary data and actual results of operations for which budgets are legally adopted.
- All budgetary appropriations lapse at the end of each fiscal year.
- The level of budgetary control is total appropriations.

3. Deposits and Investments

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

Bank Deposits. The Town's policy as well as State law requires deposits, (cash and certificates of deposits) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes federal deposit insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security deposits. Obligations furnished as security must be held by the political subdivision or an unaffiliated bank, or with a trust company for the accounts of the political subdivision. The current year end balances of deposits are as follows:

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

Deposits do not include \$816 on cash on hand.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a policy for custodial credit risk which reflects state law. As of December 31, 2025, the Town had \$9,439,347 in deposits (collected bank balances). These deposits were secured from risk by \$513,422 in federal deposit insurance and \$9,275,913 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). \$8,925,925 of uninsured collected bank balances were secured from risk by pledged securities and none were unsecured and uninsured.

Financial statement classification	Demand Deposits	Certificates of Deposit	Total
Cash and cash equivalents	\$ 8,587,256	\$ -	\$ 8,587,256
Investments	-	43,422	43,422
Restricted Cash and cash equivalents	657,918	-	657,918
Balance per Town books	\$ 9,245,174	\$ 43,422	\$ 9,288,596
Institutional balances	\$ 9,395,925	\$ 43,422	\$ 9,439,347

4. Investments

Investments are stated at fair value.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction the Town will not be able to recover the value of the investment. Investments are exposed to custodial risk if the securities are (a) uninsured and unregistered and held by the counterparty or (b) uninsured, unregistered and held by the counterparty's trust department or agent but not in the name of the Town. The following chart presents the investment position of the Town at December 31, 2025. The various types of investments are listed and presented by whether they are exposed to custodial credit risk.

Interest Rate Risk: The Town has no formal policy regarding interest rate risk.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

	Change in Investments	
	Amortized Cost	Fair Value
Balance, December 31, 2024	\$ 3,176,059	\$ 3,176,059
Add:		
Investment maturities	(1,839,349)	(1,839,349)
Investment purchase	36,327	36,327
Balance, December 31, 2025	\$ 1,373,037	\$ 1,373,037

The following table sets forth by level within fair value hierarchy the Town's assets at estimated fair value as of December 31, 2025:

Type of Investment	Interest Rate	Bank	Maturity Date	Category			Carrying Amount	Fair Value
				1	2	3		
CoD	3.85%	Cottonport Bank	4/19/2026	\$ 13,422	\$ -	\$ -	\$ 13,422	\$ 13,422
CoD	2.00%	Business First Bank	11/16/2026	30,000	-	-	30,000	30,000
Total				43,422	\$ -	\$ -		
Investments Not Subject to Categorization:								
External Investment Pool (LAMP)							1,329,615	1,329,615
Total Investments							\$ 1,373,037	\$ 1,373,037

In accordance with GASB Codification Section 150.128, the investments in Louisiana Asset Management Pool (LAMP) is not categorized in the three risk categories provided by the GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments. LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 73 days as of December 31, 2025.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

5. Receivables

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

	General Fund	Sewer Fund	Total
Sales tax	\$ 386,251	\$ -	\$ 386,251
Franchise tax	113,565	-	113,565
Accounts receivable	-	-	-
Accrued interest	-	-	-
Other	2,744	107,135	109,879
Total Receivables	502,560	107,135	609,695
Allowance for Uncollectibles	-	(9,264)	(9,264)
Receivables, Net	\$ 502,560	\$ 97,871	\$ 600,431

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

6. Capital Asset

	Beginning Balance 2024	Increases	Decreases	Transfers	Ending Balance 2025
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 727,136			\$ -	\$ 727,136
Construction in progress	80,638	-	-	(80,638)	-
Total capital assets, not being depreciated	\$ 807,774	\$ -	\$ -	\$ (80,638)	\$ 727,136
Capital assets, being depreciated:					
Improvements other than buildings	30,995,552	950,853	-	33,791	31,980,196
Buildings and structures	947,517	19,400	-	46,847	1,013,764
Historical railroad park	833,435	-	-	-	833,435
Museum	196,669	-	-	-	196,669
Furniture and fixtures	32,582	-	-	-	32,582
Vehicles-Town	59,092	-	-	-	59,092
Machinery & equipment	1,027,524	-	-	-	1,027,524
Website	12,195	-	-	-	12,195
Works of art	9,343	-	-	-	9,343
Police department equipment	177,077	87,974	-	-	265,051
Police department vehicles	933,870	184,727	158,818	-	959,779
Total capital assets, being depreciated	35,224,856	1,242,954	158,818	80,638	36,389,630
Less accumulated depreciation for:					
Improvements other than buildings	10,214,633	1,339,215	-	-	11,553,848
Buildings and structures	635,174	24,961	-	-	660,135
Historical railroad park	546,023	41,302	-	-	587,325
Museum	123,919	4,494	-	-	128,413
Furniture and fixtures	32,582	-	-	-	32,582
Vehicles-Town	57,259	710	-	-	57,969
Machinery & equipment	784,958	97,661	-	-	882,619
Website	12,195	-	-	-	12,195
Works of art	9,343	-	-	-	9,343
Police department equipment	97,539	29,549	-	-	127,088
Police department vehicles	574,250	138,823	158,818	-	554,255
Total accumulated depreciation	13,087,875	1,676,715	158,818	-	14,605,772
Total capital assets, being depreciated, net	22,136,981	(433,761)	-	80,638	21,783,858
SBITA					
SBITA	108,463	-	-	-	108,463
Less: accumulated amortization for SBITA	69,951	24,495	-	-	94,446
Total SBITA, being amortized, net	38,512	(24,495)	-	-	14,017
Governmental activities capital assets, net	\$ 22,983,267	\$ (458,256)	\$ -	\$ -	\$ 22,525,011

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

Depreciation expense was charged to government functions as follows:

General Government	\$ 1,203,064
Public Safety - Police Department	174,360
Public Works	<u>299,291</u>
Total	<u><u>\$ 1,676,715</u></u>

The Town implemented Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements, in fiscal year 2023. The Town has two software arrangements that require recognition under GASBS No. 96. The Town now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use asset for the road & infrastructure management system and license plate readers for cameras software.

The road & infrastructure management system software is a four-year agreement, initiated in fiscal year 2021 with annual payments of \$10,764. There is also a renewal period for an additional year that the Town is likely to exercise. The Town has used the risk-free rate of 0.90% to determine the present value of the intangible right-to-use asset and SBITA liability. There is no option to purchase the software. The license plate readers for cameras software is a two-year agreement, initiated in fiscal year 2023 with annual payments of \$15,000 and a one-time setup cost of \$2,100 for installation during 2023. There is also a renewal period for an additional two years that the Town is likely to exercise. The Town has used the risk-free rate of 4.31% to determine the present value of the intangible right-to-use asset and SBITA liability. There is no option to purchase the software.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

The following is a summary of the changes in property, plant and equipment of the Enterprise Fund-Sewer System for the year ended December 31, 2025:

	Beginning Balance December 31, 2024		Increases	Decreases	Transfers	Ending Balance December 31, 2025	
Business-Type Activities:							
Capital assets, not being depreciated:							
Land	\$	16,755	\$	-	\$	-	\$ 16,755
Land rights		61,641		-		-	61,641
Construction in Progress		614,039		48,126		(614,039)	48,126
		692,435		48,126		(614,039)	126,522
Capital assets, being depreciated:							
Buildings		86,169		-		-	86,169
Sewer facility		15,788,447		1,960,301		614,039	18,362,787
Machinery & Equipment		726,617		7,290		-	733,907
Vehicles		164,720		-		-	164,720
Total capital assets, being depreciated		16,765,953		1,967,591		614,039	19,347,583
Less accumulated depreciation for:							
Buildings		32,484		2,207		-	34,691
Sewer facility		5,574,680		384,058		-	5,958,738
Machinery & Equipment		531,059		42,674		-	573,733
Vehicles		90,915		20,044		-	110,959
Total accumulated depreciation		6,229,138		448,983		-	6,678,121
Total capital assets, being depreciated, net		10,536,815		1,518,608		614,039	12,669,462
Business-type activities capital assets, net	\$	11,229,250	\$	1,566,734	\$	-	\$ 12,795,984

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

7. Long-Term Liabilities – Governmental Activities

The following is a summary of the Town's long-term debt transactions for the year ended December 31, 2025:

Type of Debt	Balance at 12/31/2024	Additions	Reductions	Balance at 12/31/2025	Due in More Than One Year	Amount due within One Year
<i>Governmental Activities:</i>						
Compensated absences	\$ 11,520	\$ 1,343 *	\$ -	\$ 12,863	\$ -	\$ 12,863
SBITA	38,834	-	24,454	14,380	-	14,380
Net pension liability	1,744,984	-	396,872	1,348,112	1,348,112	-
Total governmental long-term debt	\$ 1,795,338	\$ 1,343	\$ 421,326	\$ 1,375,355	\$ 1,348,112	\$ 27,243

* The change in compensated absences is presented as a net change.

8. Subscription-Based Information Technology Arrangement (SBITA) Liability

Due to the implementation of GASB Statement No. 96, the intangible right-to-use software arrangements for the road & infrastructure management system and license plate readers for cameras met the criteria of a SBITA; thus, requiring it to be amortized over the lease terms in addition to the renewal term as the Town assesses it is likely to extend the software.

A summary of the principal and interest amounts for the remaining arrangements include the following principal and interest payments:

Year Ending December 31,	Principal	Interest
2026	\$ 14,380	\$ 620
	\$ 14,380	\$ 620

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

9. Long-Term Liabilities – Business-Type Activities

On November 10, 2010, the Town issued Sewer Revenue Bonds, Series 2010 in the amount of \$1,569,060 for the purpose of paying the costs of constructing and acquiring improvements and extensions to the Town's sewer system. The bonds were purchased by the Louisiana Department of Environmental Quality financed by the Clean Water State Revolving Fund. The Wastewater Treatment Facility phase of the project was completed during 2011 and the Pump Station and Force Main phase was completed in 2012. During 2017, the Town was approved for up to \$3,000,000 for improvements to the sewer system. Purchase price of the bonds are distributed to the Town in installments as construction progresses, with the YMCA Force Main phase completed in 2021. The total outstanding on the two loans was \$2,485,000 as of December 31, 2025.

	Balance at December 31, 2024	Additions or Bonds Issued	Bonds Redeemed and Other Reductions	Balance at December 31, 2025	Due in More Than One Year	Amount due within One Year
Sewer Revenue Bonds - Series 2010	\$ 503,000	\$ -	\$ 82,000	\$ 421,000	\$ 338,000	\$ 83,000
Sewer Revenue Bonds - Series 2017	2,212,000	-	148,000	2,064,000	1,914,000	150,000
Total long-term debt	\$ 2,715,000	\$ -	\$ 230,000	\$ 2,485,000	\$ 2,252,000	\$ 233,000

The annual maturities for the bonds for the years subsequent to December 31, 2025 are as follows:

Year Ending December 31,	Principal	Interest
2026	\$ 233,000	\$ 23,608
2027	234,000	21,394
2028	237,000	19,171
2029	239,000	16,920
2030	242,000	14,649
2031-2036	801,000	46,674
2034-2038	499,000	9,510
	<u>\$ 2,485,000</u>	<u>\$ 151,926</u>

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

10. Restricted Assets and Flow of Funds

Restricted cash held in the general fund of \$214,973 represents \$11,937 in bond funds that is refundable to the payor once court proceeding have been concluded and properly authorized for disbursement, and \$203,036 in funds held to be applied for improvements to storm drain system for the portion of road transferred from DOTD.

The bond ordinance for the Sewer Revenue Bonds, Series 2010 and 2017 requires the creation of the below accounts. All of income and revenues derived from the operation of the System shall be deposited daily as the same may be collected in the “Sewer Revenue Fund” (the “Revenue Fund”). Funds in the Revenue Fund shall be expended in the following order of priority and for the following express purposes:

- a) All reasonable and necessary costs and expenses of administration, operation and maintenance of the System as are not provided for from other lawfully available sources shall first be paid from the Revenue Fund.
- b) The Issuer shall maintain a separately identifiable fund designated as the “Sewer Revenue Bond and Interest Sinking Fund” (the “Debt Service Fund”), by transferring from funds in the Revenue Fund, after making the payments required by (a) above, to the Debt Service Fund monthly on or before the 20th day of each month of each year, a sum equal to the principal, interest and Administrative Fee, accruing on the Bonds and the Outstanding Parity Bonds for such month, together with such additional proportionate monthly sum as may be required to pay said principal, interest and Administrative Fee, if any, as the same become due. The Issuer shall transfer from said Debt Service Fund to the paying agent bank or banks for all bonds payable from the Debt Service Fund, or directly to the Owners, on or before each Interest Payment Date, funds fully sufficient to pay promptly the principal, interest and Administrative Fee, if any, falling due on such date.
- c) The Issuer shall maintain a separately identifiable fund or account designated as the “Sewer Revenue Bond Reserve Fund” (the “Reserve Fund”) the money in the Reserve Fund to be retained solely for the purpose of paying the principal of and interest on Bonds and the Outstanding Parity Bonds and payable from the Debt Service Fund as to which there would otherwise be default, be transferring from the Revenue Fund (after making all required payments from said fund as hereinabove described), on or before the 20th day of each month, a sum at least equal to 25% of the amount to be paid into the Debt Service Fund for such month, the payments into said Reserve Fund to continue until such time there has been accumulated therein a sum equal to the Reserve Fund Requirement. Upon the issuance of additional Parity Bonds, there shall be transferred from the proceeds of such additional bonds and/or from the Revenue Fund into the Reserve Fund, monthly or annually, such amounts (as may be designated in the ordinance authorizing the issuance of such additional Parity Bonds) as will increase the total amount on deposit in the Reserve Fund within a

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

- period not exceeding five (5) years to a sum equal to the Reserve Fund Requirement for all outstanding bonds payable from the Debt Service Fund, including such additional Parity Bonds.
- d) The Issuer shall maintain a separately identifiable fund or account designated “Sewer Depreciation Additions and Contingency Fund” (the “Contingency Fund”) to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, by transferring from funds in the Revenue Fund after making the payments required (a), (b) and (c) above to the Contingency Fund monthly on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the Net Revenues for the preceding month, provided that such sum is available after provision is made for the payments required under paragraphs (a), (b) and (c) above. Such payments into the Contingency Fund shall continue until such time as there has been accumulated in the Contingency Fund the sum of One Hundred Fifty Thousand Dollars (\$150,000), whereupon such payments may cease and need to be resumed thereafter only if the total amount of money on deposit in said fund is reduced below said sum of One Hundred Fifty Thousand Dollars (\$150,000), in which event such payments shall be resumed and continue until said maximum amount is again accumulated. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the Bonds, including and Parity Bonds, for the payment of which there is not sufficiency money in the Debt Service Fund and the Reserve Fund described in paragraphs (b) and (c) above, but the money in said Contingency Fund shall never be used for the making of use of said money will leave in said Contingency Fund for the making of emergency repairs or replacements less than the sum of Ten Thousand Dollars (\$10,000).
- e) Any money remaining in the Revenue Fund after making the above-required payments may be used by the Issuer for the purpose of calling and/or purchasing and paying any bonds payable from the revenues of the System, or for such other lawful corporate purposes as the Governing Authority may determine, whether such purposes are or are not in relation to the System.

Account balances as of December 31, 2025 are as follows:

Account Name	Balance
Sewer Bond & Interest Sinking Fund	\$ 167,751
Sewer Revenue Reserve Fund	124,544
Sewer Depreciation, Additions & Contingency Fund	150,650
Total	<u>\$ 442,945</u>

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

11. Franchise Agreements

Cable Television

A non-exclusive cable franchise was granted to Cox Communications, Inc., on June 20, 2005 for a period of 25 years. The annual franchise fee is 5% of the company's gross receipts.

On October 1, 2008, the Town passed ordinance No. 2008-9, setting franchise fees for all cable or video services at 5% of gross receipts from operations within the Town's municipal limits.

Electric

On October 1, 1972, the Town entered into a franchise with Gulf State Electric Utilities Company, now Entergy, to supply electricity to the Town for a period of 60 years. In consideration, the Town shall receive a fee of 4.5% of the gross receipts from sales of electricity to customers within the corporate limits of Addis from October 1, 1972 to September 30, 1982, then from October 1, 1982 to September 30, 2032, a fee of 5%.

12. On-Behalf Payments for Fringe Benefits and Salaries

The Town's police chief and police officers received about \$96,780 in police supplemental pay from the State of Louisiana, Department of Public Safety and Corrections. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenues are reported in the General Fund and the expenditures are included in Public Safety expenditures.

13. Interfund Balances

The Town reports interfund balances between its funds. The totals of all balances agree with the sum of interfund balances present in the fund statements.

	Due From		
	General Fund	Sewer Fund	Total
Due To			
General Fund	\$ -	\$ 15,674	\$ 15,674
Sewer Fund	-	-	-
Total	\$ -	\$ 15,674	\$ 15,674

The balances primarily result from the time lag between the dates the 1) transactions are recorded in the accounting system and 2) payments between funds are made.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

14. Pension Plan

The Town's police employees are members of the Municipal Police Employees Retirement System of Louisiana. The system is a cost sharing, multiple-employer defined benefit pension plan administered by separate board of trustees. Pertinent information relative to the plan follows:

Plan Description. The Municipal Police Employees' Retirement System (MPERS) is a cost-sharing multiple-employer defined benefit 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. The projections 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 benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefits Provided. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

1. Retirement

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

2. Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

3. Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

4. Cost of Living Adjustments

The Board of Trustees 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 Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

For the year ended June 30, 2025, total contributions due for employers and employees were 45.60%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 35.60% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 35.60% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 38.10% and 7.5%, respectively.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended December 31, 2025 and excluded in pension expense.

The Town's contractually required composite contribution rate for the year ended December 31, 2025 was 33.475% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Town were \$259,412 for the year ended December 31, 2025.

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

At December 31, 2025, the Employer reported a liability of \$1,348,112 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2025 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected contribution effort to the plan for the next fiscal year, actuarially determined. At June 30, 2025, the Town's proportion was .1952%, which was an increase of .0026% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Town recognized pension expense of \$207,451 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$67,052.

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

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,365	\$ 35,666
Changes of assumptions	-	61,916
Net difference between projected and actual earnings on pension plan investments	-	106,192
Changes in proportion and differences between Town contributions and proportionate share of contributions	83,708	-
Town contributions subsequent to the measurement date	127,597	-
Total	<u>\$ 276,670</u>	<u>\$ 203,774</u>

\$127,597 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	MPERS
2026	\$ 189,452
2027	(107,856)
2028	(91,808)
2029	(44,488)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2025:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.750%, net of investment expense
Inflation Rate	2.5% per annum

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

Salary Increases, including Inflation and merit

Years of Service	Salary Growth Rate
1-2	13.00%
Above 2	4.75%

Mortality

For annuitants and beneficiaries, the Pub-2016 Public Retirement Mortality Table for Safety Below-Median Healthy Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was used.

For disabled lives, the Pub-2016 Public Retirement Plans Morality Table for Safety Disable Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was used.

For employees, the Pub-2016 Public Retirement Mortality Table for Safety Below-Median Employees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was used.

Cost-of-Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Mortality Rate

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2019 through June 30, 2024 and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of arithmetic nominal rates of return for each major asset class included in the System's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	June 30, 2025	
	Target Allocation	Long-Term
Equity	51.00%	3.20%
Fixed Income	35.00%	1.21%
Alternatives	14.00%	1.04%
Totals	100.00%	5.45%
Inflation		2.67%
Expected Arithmetic Nominal Return		8.12%

Discount Rate

The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System'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.

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

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 6.750%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (5.750%) or one percentage-point higher (7.750%) than the current rate:

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of the net pension liability	\$ 2,211,361	\$ 1,348,112	\$ 625,173

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS December 31, 2025 Comprehensive Annual Financial Report at www.Lampers.org.

15. Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all permanent Town employees, permits them to defer until future years up to 100% of annual compensation not to exceed \$22,500 in 2025, adjusted thereafter for cost of living adjustments in \$500 annual increments up to age 50; participants age 50 and over are eligible for catch-up contributions provided the catch-up contributions do not exceed the catch-up limit for the taxable year. The Town contributes on behalf of its employees based upon employee contributions with a maximum match of 20.1 %. The Town also contributes an additional annual contribution for participating full time employees of \$1,500, except for police officers. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with GASB No. 32 the Town is no longer required to report the plan in its financial statements.

14. Intergovernmental Agreements

West Baton Rouge Parish Natural Gas and Water Systems –

A service agreement is in effect between West Baton Rouge Parish and the Town in which the Parish agrees to bill and collect sewer fees from water customers served by the Town sewer system. The sewer rates are based on water usage, and customers may have their water service discontinued for non-payment of sewer fees. The amount due from the Parish for customer sewer fees billed through December 31, 2025 was \$97,871.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

15. Sewer User Fees

Charges for sewer use are as follows:

Residential - \$24.00 plus \$3.25 per 1,000 gallons after 4,000.

Non-residential - \$38.00 plus \$3.00 per 1,000 gallons after 4,000.

16. Economic Dependence

The Town of Addis received 68.5%, of its total revenue from parish and district sales tax.

17. Risk Management

The Town of Addis is exposed to various risks of loss for which the Town carries commercial insurance. There has been an increase in insurance coverage during the year.

18. Contingencies and Commitments

Litigation – The Town is party to numerous legal proceedings. As of year-end, the Town was involved in two legal claims that were settled subsequent to year-end. Because the settlements were finalized prior to the issuance of these financial statements and the amounts of the settlements are both probable and could be estimated, the Town has accrued a liability in the accompanying financial statements totaling \$4,200,000. While the Town maintained insurance coverage, the settlements fell outside coverage, requiring the Town to self-pay the settlement amounts. One claim has been settled and paid for \$950,000 on April 23, 2025, with the other claim having been settled and \$1,750,000 paid by the Town on May 28, 2025, with an additional \$750,000 due on May 28, 2026, and \$750,000 due May 28, 2027. These amounts are recorded in accrued liabilities in the financial statements.

The Louisiana Department of Environmental Quality purchase of the Taxable Sewer Revenue Bond – Series 2017 was financed by the Clean Water State Revolving Fund (CWSRF), a federal program operated through the United States Environmental Protection Agency (EPA). Amounts received are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Town. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

19. Cooperative Endeavor Agreement and Restrictions of Fund Balance and Net Position

The Town of Addis entered into a Cooperative Endeavor Agreement with the Department of Transportation and Development (DOTD) on December 13, 2015, for the transfer of ownership of a portion of state route LA 990 known as Main Street when certain conditions and requirements for the road transfer were met, and for DOTD to also provide funds in the amount of \$203,036 in road transfer credit to be transferred to the Town to be applied for improvements to storm drain system for the portion of road transferred. On May 1, 2020, the act of transfer and acceptance was signed. The Town received the funds of \$203,036 which is restricted for the purpose of the improvements to storm drain system. As of December 31, 2025, no amount of these funds has been expended.

20. American Rescue Plan Act

The American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to provide governments with the resources needed to respond to the pandemic. The Town is required to spend these funds in accordance with applicable guidelines, with the funds required to be obligated by December 31, 2024, and expended by December 31, 2026. During the 2022 and 2021 years, the Town received \$1,152,300 each year respectively from the SLFRF that is restricted in its use. As of the year end December 31, 2025, \$2,072,791 of these funds has been expended. The total payments received under ARPA total \$2,304,600.

21. New Accounting Pronouncements Not Yet Implemented

The statements which might impact the Town of Addis are as follows:

GASB Statement No. 103 – Financial Reporting Model Improvements was released in April 2024, concluding an extensive review of financial reporting models. This statement introduces significant changes to the presentation of financial statements, aiming to enhance the clarity and usefulness of financial reporting. While effective for fiscal years beginning after June 15, 2024, its impact may be more pronounced in fiscal years ending after June 30, 2025.

GASB Statement No. 104 – Disclosure of Certain Capital Assets was released in September 2024. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based

TOWN OF ADDIS, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2025

Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 105 – Subsequent Events was released in December 2025. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. The requirements for this Statement are effective for fiscal years beginning after June 15, 2026.

Management is currently assessing the impact that the implementation of these pronouncements will have on the basic financial statements, if any.

22. Correction of Net Position for Sewer Fund

The beginning net position balance of the Sewer Fund has been restated in the financial statements to record a prior period adjustment to correct for federal award revenues not yet earned and to correct for the understatement of unearned revenues. A reconciliation of the prior period ending net position for Sewer Fund to the current year beginning net position is as follows:

Sewer Fund

Net position at December 31, 2024, as originally stated	\$ 11,337,493
Adjustment to correct federal award revenue and unearned income	(111,644)
Net position at December 31, 2024, as restated	<u>\$ 11,225,849</u>

TOWN OF ADDIS, LOUISIANA

Required Supplementary Schedules

December 31, 2025

TOWN OF ADDIS, LOUISIANA

Required Supplementary Schedules

December 31, 2025

Budgetary Comparison Schedules

Town of Addis, Louisiana
Budgetary Comparison Schedule
General Fund

For the Year Ended December 31, 2025

Notes:

The Original and Final Budgets are prepared using the Modified Accrual Basis of Accounting

TOWN OF ADDIS, LOUISIANA**Schedule of Revenues, Expenditures, & Changes in****Year Ended December 31, 2025****Fund Balance - Budget to Actual****General Fund**

	Original Budget	Revised Budget	Actual Amounts GAAP Basis	Nonbudgeted Items and Adjustments	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
Taxes and licenses						
Occupational license	\$ 185,000	\$ 209,000	\$ 225,986	\$ -	\$ 225,986	\$ 16,986
Building permits	7,500	7,500	9,959	-	9,959	2,459
Trailer moving permits	100	100	50	-	50	(50)
Franchise fees						
Entergy	228,000	228,000	374,884	-	374,884	146,884
Cable television	16,000	16,000	31,065	-	31,065	15,065
Telephone	10,000	10,000	6,108	-	6,108	(3,892)
Internet	2,800	2,800	842	-	842	(1,958)
Intergovernmental						
Sales tax-parish	3,010,000	2,800,000	2,652,194	-	2,652,194	(147,806)
Sales tax-district	3,022,845	2,800,000	2,684,346	-	2,684,346	(115,654)
Alcoholic beverage tax	2,500	2,500	1,924	-	1,924	(576)
Video poker tax	17,000	17,000	20,221	-	20,221	3,221
State of Louisiana - Police Supplemental Pay	-	-	96,780	-	96,780	96,780
Pulic Safety Grant	-	-	-	-	-	-
LGAP Grant	25,000	35,000	-	-	-	(35,000)
Charges for services						
Rental-Civic Center	3,000	4,000	5,560	-	5,560	1,560
Highway maintenance	33,575	33,575	8,575	-	8,575	(25,000)
Planning and zoning	100	100	100	-	100	-
Grass mowing-town	480	3,700	3,920	-	3,920	220
Culvert program	-	-	-	-	-	-
Fines and forfeitures	300,000	225,000	217,789	-	217,789	(7,211)
Investment earnings	87,000	120,000	44,878	-	44,878	(75,122)
Sale of fixed assets	1,000	13,500	26,720	-	26,720	13,220
Miscellaneous	35,000	68,000	50,887	-	50,887	(17,113)
Amounts available for appropriation	6,986,900	6,595,775	6,462,788	-	6,462,788	(132,987)
Current						
General government	1,560,300	3,131,450	2,110,036	-	2,110,036	1,021,414
Public safety-police	2,400,250	2,168,845	2,175,365	-	2,175,365	(6,520)
Public works-Streets & sanitation	1,401,250	1,090,700	686,293	-	686,293	404,407
Debt Service						
Debt service - principal payments	-	-	24,454	-	24,454	(24,454)
Debt service - interest expense	-	-	1,310	-	1,310	(1,310)
Capital Outlay						
General government	500,000	50,000	55,868	-	55,868	(5,868)
Museum and park	25,000	1,000	-	-	-	1,000
Police	150,000	120,000	90,753	-	90,753	29,247
Public Works	950,000	800,000	1,096,334	-	1,096,334	(296,334)
Total expenditures	6,986,800	7,361,995	6,240,413	-	6,240,413	1,121,582
Excess (Deficiency) of Revenue over Expenditures	100	(766,220)	222,375	-	222,375	988,595
Other Financing Sources (Uses)						
Transfers out	-	-	(27,383)	-	(27,383)	(27,383)
Total other financing sources (uses)	-	-	(27,383)	-	(27,383)	(27,383)
Net Change in Fund Balance	100	(766,220)	194,992	-	194,992	961,212
Beginning Fund Balance			6,577,367			6,577,367
Ending Fund Balance	\$ 100	\$ (766,220)	\$ 6,772,359	\$ -	\$ 194,992	\$ 7,538,579

TOWN OF ADDIS, LOUISIANA***Schedule of Employer's Proportionate Share of the Net Pension Liability******Year Ended December 31, 2025***

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>MPERS:</u>					
2025	0.1952%	\$ 1,348,112	\$ 731,792	184.22%	81.94%
2024	0.1926%	\$ 1,744,984	\$ 678,962	257.01%	75.84%
2023	0.1865%	\$ 1,970,536	\$ 631,851	311.87%	71.30%
2022	0.1550%	\$ 1,584,079	\$ 478,418	331.11%	70.80%
2021	0.1569%	\$ 836,331	\$ 478,654	174.73%	84.09%
2020	0.1507%	\$ 1,392,597	\$ 375,652	370.71%	70.94%
2019	0.1389%	\$ 1,261,281	\$ 420,238	339.26%	71.01%
2018	0.1506%	\$ 1,273,528	\$ 444,562	311.95%	71.39%
2017	0.1566%	\$ 1,367,752	\$ 467,694	292.45%	70.08%
2016	0.1689%	\$ 1,575,130	\$ 470,755	334.60%	66.04%

* The amounts presented have a measurement date of June 30 of the current fiscal year end.

TOWN OF ADDIS, LOUISIANA***Schedule of Employer's Pension Contributions******Year Ended December 31, 2025***

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
<u>MPERS:</u>					
2025	\$ 259,412	\$ 259,412	\$ -	\$ 751,438	34.52%
2024	\$ 247,268	\$ 247,268	\$ -	\$ 711,017	34.78%
2023	\$ 212,733	\$ 212,733	\$ -	\$ 652,545	32.60%
2022	\$ 179,068	\$ 179,068	\$ -	\$ 586,344	30.54%
2021	\$ 140,060	\$ 140,060	\$ -	\$ 438,793	31.92%
2020	\$ 159,722	\$ 159,722	\$ -	\$ 482,195	33.12%
2019	\$ 141,691	\$ 141,691	\$ -	\$ 375,652	37.72%
2018	\$ 136,836	\$ 136,836	\$ -	\$ 424,487	32.24%
2017	\$ 148,493	\$ 148,493	\$ -	\$ 463,795	32.02%
2016	\$ 138,872	\$ 138,872	\$ -	\$ 470,259	29.53%

TOWN OF ADDIS, LOUISIANA

Notes to Required Supplementary Schedules Schedule of Employer's Proportionate Share of the Net Pension Liability and Schedule of Employer's Pension Contributions

December 31, 2025

Changes of Benefit Terms

There were no changes in benefit terms.

Changes of Assumptions

There were no changes in actuarial assumptions.

TOWN OF ADDIS, LOUISIANA

Other Supplementary Information

December 31, 2025

TOWN OF ADDIS, LOUISIANA***Schedule of Compensation Paid to Mayor******Year Ended December 31, 2025*****Agency Head Name: Mayor David Toups****Purpose**

Salary	\$ 106,020
Benefits - insurance	40,322
Benefits - retirement	21,189
Social security and medicare employer contributions	10,220
Car allowance	4,800
Meals	193
Registration fee	1,841
	<u>\$ 184,585</u>

TOWN OF ADDIS, LOUISIANA***Schedule of Compensation Paid to Town Council******Year Ended December 31, 2025***

Council Member

Kevin Leblanc	\$ 9,000
Rhonda L. Kelly	9,000
Russell L Parrish	9,000
Bliss Bernard	9,000
Ray LeJeune, Sr.	9,000
	\$ 45,000

Town of Addis**Justice System Funding Schedule - Collecting/Disbursing Schedule**

Cash Basis Presentation

As Required by La. R.S. 24:515.2

	Amount for 01/01/2025 - 06/30/2025	Amount for 07/01/2025 - 12/31/2025
1. Beginning Cash Balance	15,081	14,213
2. Collections		
a. Civil Fees	-	-
b. Bond Fees	-	-
c. Cash Bonds	-	-
d. Asset Forfeiture/Sale	-	-
e. Pre-Trial Diversion Program Fees	-	-
f. Criminal Court Costs/Fees	6,126	7,594
g. Criminal Fines – Contempt	120,431	85,653
h. Criminal Fines – Other/Non-Contempt	-	-
i. Restitution	-	-
j. Probation/Parole/Supervision Fees	-	-
k. Service Fees	-	-
l. Collection Fees	10,030	8,817
m. Interest Earnings on Collected Balances	-	-
n. Other	-	-
Total Collected	136,587	102,064
3. Deductions: Collections Retained by the Town of Addis		
I. Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
II. Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
III. Other Amounts "Self-Disbursed" [Enter amounts on appropriate collection type lines]		
a. Civil Fees	-	-
b. Bond Fees	-	-
c. Cash Bonds	-	-
d. Asset Forfeiture/Sale	-	-
e. Pre-Trial Diversion Program Fees	-	-
f. Criminal Court Costs/Fees	6,126	7,594
g. Criminal Fines – Contempt	120,431	85,653
h. Criminal Fines – Other/Non-Contempt	-	-
i. Restitution	-	-
j. Probation/Parole/Supervision Fees	-	-
k. Service Fees	-	-
l. Collection Fees [excluding amounts reported in bullets I and II above]	-	-
m. Interest Earnings on Collected Balances	-	-
n. Other	-	-
Total Collections Retained by the Town of Addis	126,557	93,247
4. Deductions: Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofits		
a. Collection/Processing Fees Paid to Third Party Entities	5,747	5,970
b. Civil Fee Refunds	-	-
c. Bond Refunds	-	-
d. Restitution Disbursements to Individuals and Entities, Excluding Governments or a Nonprofit	-	-
e. Other Disbursements to Individuals and Entities, Excluding Governments or a Nonprofit	-	-
Total Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofits	5,747	5,970
5. Deductions: Total Disbursements to Other Governments & Nonprofits	5,151	3,781
6. Total Amounts Disbursed/Retained	137,455	102,998
7. Ending Cash Balance	14,213	13,279
8. Ending Balance of "Partial Payments" Collected but not Disbursed	-	-
9. Other Information:		
I. Ending Balance of Amounts Assessed but Not Yet Collected [i.e. total ending receivable balances]	63,912	68,407
II. Total Waivers During the Fiscal Period [i.e. non-cash reduction of receivable balances, such as time served or community service]	-	-

Town of Addis**Justice System Funding Schedule - Disbursements to Other Governments & Nonprofits Form**

Cash Basis Presentation

As Required by La. R.S. 24:515.2

5. Details of Disbursements To Other Governments & Nonprofits (Do not include amounts retained by your entity in this table.)

Agency Receiving Money	Disbursement Description [Fund, Program, etc.] (Optional)	Legal Authority to Disburse Money	Disbursement Type	Amount for	Amount for
				01/01/2025 - 06/30/2025	07/01/2025 - 12/31/2025
LA Commission on Law Enforcement and Administration of Criminal Justice	\$1816. Crime Victims Reparations Fund; creation; sources and use of funds	Local Ordinance: R.S. 46:1816 (D)	f. Criminal Court Costs/Fees	1,402	1,032
Louisiana Department of Health	\$2633. Traumatic Head and Spinal Cord Injury Trust Fund	R.S. 46:2633	f. Criminal Court Costs/Fees	870	530
Supreme Court	\$86. Judicial College; education account; sources of funds	R.S. 13:86	f. Criminal Court Costs/Fees	351	271
Department of the Treasury	\$2583. Disability Affairs Trust Fund	R.S. 46:2583	f. Criminal Court Costs/Fees	425	400
Supreme Court	\$1898. Collection and disposition of fines; forfeitures; penalties; and costs	Local Ordinance: La. R.S.13-86	f. Criminal Court Costs/Fees	2,103	1,548

Town of Addis**Justice System Funding Schedule - Receiving Schedule**

Cash Basis Presentation

As Required by La. R.S. 24:515.2

		Amount for 01/01/2025 - 06/30/2025	Amount for 07/01/2025 - 12/31/2025
1. Ending Balance of Amounts Assessed but Not Received:		15,081	14,183
2. Details of Receipts from Collecting/Disbursing Agency			
		Amount for 01/01/2025 - 06/30/2025	Amount for 07/01/2025 - 12/31/2025
Agency Remitting Money	Remittance Type		
Office of Motor Vehicles Public Safety Services	b. Bond Fees	-	100
Office of Motor Vehicles Public Safety Services	n. Other	814	426

TOWN OF ADDIS, LOUISIANA

Schedule of Insurance in Force

Year Ended December 31, 2025

EMC Insurance	Fidelity Bond - Government Theft & Forgery	\$100,000 employee faithful performance bond	9/1/25-9/1/26
Louisiana Municipal Risk Management Agency	Workers Compensation	Statutory	1/1/25-12/31/25
EMC Insurance Co	Business Protection - Property & Inland Marine	Buildings, lift stations, EDP equipment	12/12/25-12/12/26
EMC Insurance Co	Crime	Theft; Forgery or Alteration	9/1/25-9/1/26
Louisiana Municipal Risk Management Agency	Auto & Commercial General liability, Errors and Omissions, Law Enforcement Officer	All risks \$500,000 Combined Single Limit; Comprehensive ACV with a \$1,000 deductible	5/1/25-5/1/26
Assurant	Flood insurance- 7833 Ray Rivet Drive	Building-\$60,100 Contents \$9,600	5/14/25-5/14/26
Assurant	Flood insurance- Town Hall	Building-\$100,000 Contents \$50,000	6/21/25-6/21/26

TOWN OF ADDIS, LOUISIANA***Schedule of Statistical Data******Year Ended December 31, 2025***

Number of sewer customers for the year ended December 31, 2025	2,850
User fee in effect at December 31, 2024:	
Residential:	
First 4,000 gallons of water used	24.00
Every 1,000 gallons of water in excess of 4,000 gallons	3.25
Commercial:	
First 4,000 gallons of water used	38.00
Every 1,000 gallons of water in excess of 4,000 gallons	3.00
Total sewer revenue	1,300,841
Average monthly bill per user	\$ 38.04

TOWN OF ADDIS, LOUISIANA***Schedule of Debt Service Coverage Ratio******Year Ended December 31, 2025***

Net operating income	\$ (68,731)
Depreciation	448,984
Total net revenues	<u>380,253</u>
Interest (largest payment year)	14,649
Principal (largest payment year)	242,000
Total required deposit	<u>256,649</u>
Debt Service Coverage Ratio	<u><u>1.48</u></u>

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Hugh F. Baxley, CPA/CGMA
(August 10, 1933 – August 31, 2024)

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

To the Honorable David Toups, Mayor
and the Council Members
Town of Addis
Addis, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Addis, Louisiana, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Town of Addis, Louisiana’s basic financial statements, and have issued our report thereon dated June 29, 2026.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baxley & Associates, LLC

Plaquemine, Louisiana
June 29, 2026

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS

The Honorable Mayor David Toups
And Members of the Council
Town of Addis, Louisiana

We have examined the Town of Addis, Louisiana's ("the Town") compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Section 2 "Engagements Performed Under the Alternative Approach" of the CSLFRF section of the 2025 OMB Compliance Supplement during the year ended December 31, 2025. The management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town'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; and in the "Engagements Performed Under the Alternative Approach". Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town 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 of 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 Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the specified requirements referenced above during the year ended December 31, 2025.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provision of laws, regulation, contracts, or grant agreements that have a material effect on the Town'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 Town'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 result 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 Town of Addis, Louisiana complied, in all material respects with the specified requirements referenced above during the year ended December 31, 2025. Accordingly, this report is not suitable for any other purpose.

Baxley & Associates, LLC

Plaquemine, Louisiana

June 29, 2026

TOWN OF ADDIS, LOUISIANA

Schedule of Findings and Responses

December 31, 2025

Section I-Summary of Audit Results

Financial Statements

Type of auditor's report issued: Unmodified

Report on Internal Control and Compliance Material to the Financial Statements

- Material Weaknesses ☐ Yes ☒ No Significant deficiencies ☐ Yes ☒ None noted
- Noncompliance Material to the Financial Statements ☐ Yes ☒ No

Federal Awards

N/A – Federal awards below \$1,000,000 threshold required by the Uniform Guidance

Management Letter

No management letter issued.

Section II-Financial Statement Findings

None.

Section III-Independent Auditor's Comment on Resolution of Prior Audit Findings Internal Control Findings

No prior year findings reported.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED DECEMBER 31, 2025

To the Governing Board of Town of Addis, Louisiana and the Louisiana Legislative Auditor:

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

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

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions noted.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public fund if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions noted.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period,

obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

4) Collections (excluding electronic funds transfers)

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

custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

No exceptions noted.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select

one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

No exceptions noted.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement

forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

8) Contracts

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

contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

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

No exceptions noted.

10) Ethics

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

No exceptions noted.

11) Debt Service

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

No exceptions noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

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

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

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

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

No exceptions noted.

We were engaged by Town of Addis, 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 Town of Addis, 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.

Baxley & Associates, LLC

Plaquemine, Louisiana

June 29, 2026