

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

FINANCIAL STATEMENTS

May 31, 2025



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF GONZALES, LOUISIANA, INC.

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May 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Members of the Industrial Development Board
Of the City of Gonzales, Louisiana, Inc.

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Industrial Development Board of the City of Gonzales, Louisiana, Inc. as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Industrial Development Board of the City of Gonzales, Louisiana, Inc.'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 and each major fund of the Board as of May 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Board 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 Industrial Development Board of the City of Gonzales, Louisiana, Inc.'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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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



To the Members of the Industrial Development Board
Of the City of Gonzales, Louisiana, Inc.
November 24, 2025

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 Board'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 Board's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 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.



To the Members of the Industrial Development Board
Of the City of Gonzales, Louisiana, Inc.
November 24, 2025

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer 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 schedule of compensation, benefits, and other payments to agency head or chief executive officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025, our consideration of the Industrial Development Board of the City of Gonzales, Louisiana Inc.'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 Industrial Development Board of the City of Gonzales, Louisiana, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Industrial Development Board of the City of Gonzales, Louisiana Inc.'s internal control over financial reporting and compliance.

November 24, 2025
Baton Rouge, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF GONZALES, LOUISIANA, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the Industrial Development Board of the City of Gonzales, Louisiana, Inc. (the Board)'s financial performance provides an overview of the Board's financial activities for the fiscal year ended May 31, 2025. Please read it in conjunction with the Board's financial statements which begin on page 12. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts.

FINANCIAL HIGHLIGHTS

The major financial highlights for 2025 are as follows:

- Liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources of the Board's primary government at the close of the year by approximately \$49.1 million (net position), of which is a deficit in unrestricted.
- The primary governments' total net position decreased by approximately \$3.5 million during 2025.

Significant aspects of the Board's financial well-being, as of and for the year ended May 31 2025, are detailed throughout this analysis.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 and 13) provide information about the activities of the Board as a whole and present a longer-term view of the Board's finances.

Fund financial statements start on page 14. For the governmental fund, these statements depict how services were financed in the short term as well as what remains for future spending.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Reporting on the Board as a Whole

Our analysis of the Board as a whole begins on page 12. The Statement of Net Position and the Statement of Activities report information about the Board as a whole and about its activities in a way to determine if the Board is in better condition as a result of the year’s financial results. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

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

In the Statement of Net Position and the Statement of Activities, the Board is presented into the following activities:

Governmental activities - The Board’s basic services are reported here, including general administration. Sales taxes finance all of these activities.

The analysis below of the primary government focuses on the net position and change in net position of the Board’s governmental activities.

Industrial Development Board of the
City of Gonzales, Louisiana, Inc.
Statement of Net Position
May 31, 2025 and 2024
(in thousands)

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 702	\$ 701
Capital assets	<u>32,114</u>	<u>33,374</u>
Total assets	<u>32,816</u>	<u>34,075</u>
Current and other liabilities	32,322	30,089
Long-term liabilities	<u>49,615</u>	<u>49,615</u>
Total liabilities	<u>81,937</u>	<u>79,704</u>
Net position (Deficit):		
Net investment in capital assets	-	(16,241)
Unrestricted	<u>(49,121)</u>	<u>(29,388)</u>
Total net position	<u>\$ (49,121)</u>	<u>\$ (45,629)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

In the Statement of Net Position and the Statement of Activities, the Board is presented into the following activities:

Governmental activities - The Board's basic services are reported here, including general administration. Sales taxes finance all of these activities.

The analysis below of the primary government focuses on the net position and change in net position of the Board's governmental activities.

At May 31, 2025, the Board's net position was a deficit of \$49.1 million, of which was a deficit in unrestricted.

During 2025, net position of the Board's governmental activities decreased by approximately \$3.5 million, as a result of depreciation and interest expense, exceeding sales tax revenues.

The results of this year's operations for the primary government as a whole as reported in the Statement of Activities, are as follows:

Industrial Development Board of the City of Gonzales, Louisiana, Inc. Changes in Net Position For the years ended May 31, 2025 and 2024 (in thousands)		
	Governmental Activities	
	2025	2024
Revenues:		
General revenues:		
Sales taxes	\$ 987	\$ 1,073
Payments in lieu of taxes	306	312
Investment earnings	15	18
Total revenues	1,308	1,403
Functions/Program Expenses:		
General government	1,265	1,265
Interest on long-term debt	3,229	3,225
Payments in lieu of taxes	306	312
Total expenses	4,800	4,802
Change in net position	(3,492)	(3,399)
Beginning net position	(45,629)	(42,230)
Ending net position	\$ (49,121)	\$ (45,629)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Fund Financial Statements

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

The Board reports one major governmental fund, the Debt Service Fund. This fund accounts for the collection of pledged sales taxes and other legally restricted revenues, and for the payment of interest and the other costs related to the Series 2006 Bonds. The Debt Service Fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. They present a short-term view of how debt service activities were financed and the resources available for future debt service.

Reporting the Board's Most Significant Fund

An analysis of the Board's major fund begins on page 14 with the fund financial statements that provide detailed information about the most significant fund and not the Board as a whole.

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-6.

Certain supplementary financial information can be found in Exhibits B. This schedule is included for additional information and analysis and does not constitute a part of the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Governmental Fund

The following is a summary of the Debt Service Fund's operations for 2025:

	(in thousands) 2025
	Debt Service Fund
Revenues & other financing sources	\$ 1,307
Expenditures & other financing uses	3,524
Deficit	(2,217)
Fund balance, May 31, 2024	(28,846)
Fund balance, May 31, 2025	<u>\$ (31,063)</u>

The following is a summary of the Debt Service Fund's operations for 2024:

	(in thousands) 2024
	Debt Service Fund
Revenue & other financing sources	\$ 1,403
Expenditures & other financing uses	3,735
Deficit	(2,332)
Fund balance, May 31, 2023	(26,514)
Fund balance, May 31, 2024	<u>\$ (28,846)</u>

The Board's governmental fund experienced a deficit of approximately \$2.2 million in 2025. At year end, fund balance consisted of a deficit of \$31.1 million, all of which is unassigned.

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

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

Source of Revenue	(in thousands)			
	2025		2024	
	Revenues	Percent	Revenues	Percent
Sales taxes	\$ 987	75	\$ 1,073	76
Payments in lieu of taxes	306	23	312	22
Investment earnings	15	2	18	2
Total	<u>\$ 1,308</u>	<u>100</u>	<u>\$ 1,403</u>	<u>100</u>

Revenues of the primary government for general governmental fund for 2025 totaled \$1.3 million, compared to \$1.4 million for the previous year, representing approximately a \$100,000 or 7% decrease.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the Board had approximately \$32.1 million invested in a broad range of capital assets, including furniture and equipment, land, buildings, and infrastructure. This amount represents a \$1.3 million net decrease compared to the prior year.

	(in thousands)	
	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 6,800	\$ 6,800
Buildings	21,807	22,773
Infrastructure	<u>3,507</u>	<u>3,801</u>
Total assets, net of depreciation	<u>\$ 32,114</u>	<u>\$ 33,374</u>

More detailed information about the Board’s capital assets as well as information on the Board’s capital projects is presented in Note 3 to the financial statements. In 2025, the Board incurred depreciation expense of the Board’s assets of \$1.3 million.

Debt Administration

The Board had \$49,614,679 in outstanding debt at the end of 2025. There were no changes in debt outstanding due to accrued interest exceeding sales tax revenues.

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

ECONOMIC FACTORS

The Board is dependent on sales tax collections for its revenues. The economy is not expected to generate significant growth; therefore, sales tax revenues are expected to continue to remain relatively consistent in future years.

Contacting the Board’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Board’s finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tammy Stewart with the City of Gonzales’s Finance Department at (225) 647-2841 or 120 South Irma Street, Gonzales, Louisiana, 70737.

BASIC FINANCIAL STATEMENTS

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

STATEMENT OF NET POSITION

May 31, 2025

	<u>Governmental Activities</u>
ASSETS	
Investments	\$ 556,110
Sales tax receivable	145,948
Capital assets:	
Non-depreciable	6,800,014
Capital assets, net	<u>25,313,898</u>
Total assets	<u><u>\$ 32,815,970</u></u>
LIABILITIES	
Interest payable	\$ 32,321,860
Long-term liabilities:	
Due in more than one year	<u>49,614,679</u>
Total liabilities	<u>81,936,539</u>
NET POSITION (DEFICIT)	
Unrestricted	<u>(49,120,569)</u>
Total liabilities and net position	<u><u>\$ 32,815,970</u></u>

Notes on Exhibit A-6 are an integral part of this statement.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

STATEMENT OF ACTIVITIES

For the year ended May 31, 2025

Function/Program	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position	
		Capital Grants and Contributions		Governmental Activities	
Governmental activities:					
General government	\$ 1,264,766	\$ -	\$ -	\$ (1,264,766)	
Payments in lieu of taxes	305,895	-	-	(305,895)	
Interest on long-term liabilities	3,228,852	-	-	(3,228,852)	
Total governmental activities	<u>\$ 4,799,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,799,513)</u>	
		General revenues:			
		Sales taxes		986,646	
		Payments in lieu of taxes		305,895	
		Investment earnings		14,659	
		Total general revenues		<u>1,307,200</u>	
		Change in net position		(3,492,313)	
		Net position - beginning of year		<u>(45,628,256)</u>	
		Net position - end of year		<u>\$ (49,120,569)</u>	

Notes on Exhibit A-6 are an integral part of this statement.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**BALANCE SHEET
GOVERNMENTAL FUND**

May 31, 2025

	Debt Service Fund
ASSETS	
Investments	\$ 556,110
Sales tax receivable	<u>145,948</u>
Total assets	<u><u>\$ 702,058</u></u>
LIABILITIES	
Interest payable	\$ 31,765,749
FUND BALANCE (DEFICIT)	
Unassigned	<u>(31,063,691)</u>
Total liabilities and fund balance	<u><u>\$ 702,058</u></u>

Notes on Exhibit A-6 are an integral part of this statement.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

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

May 31, 2025

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

Total fund balance - governmental fund (Exhibit A-2)		\$ (31,063,691)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Non-depreciable	\$ 6,800,014	
Depreciable, net	<u>25,313,898</u>	32,113,912
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	\$ (49,614,679)	
Interest payable	<u>(556,111)</u>	<u>(50,170,790)</u>
Net position of governmental activities (Exhibit A)		<u>\$ (49,120,569)</u>

Notes on Exhibit A-6 are an integral part of this statement.

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF GONZALES, LOUISIANA, INC.

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

For the year ended May 31, 2025

	<u>Debt Service Fund</u>
REVENUES	
Sales taxes	\$ 986,646
Payments in lieu of taxes	305,895
Investment earnings	<u>14,659</u>
Total revenues	<u>1,307,200</u>
EXPENDITURES	
Current function:	
General government	4,500
Payments in lieu of taxes	305,895
Debt service:	
Interest	<u>3,214,077</u>
Total expenditures	<u>3,524,472</u>
Deficiency of revenues under expenditures	(2,217,272)
FUND BALANCE	
Beginning of year	<u>(28,846,419)</u>
End of year	<u>\$ (31,063,691)</u>

Notes on Exhibit A-6 are an integral part of this statement.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

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

For the year ended May 31, 2025

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

Net change in fund balance - total governmental fund (Exhibit A-4)	\$ (2,217,272)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and amortization exceeded capital outlay.	
Depreciation expense	(1,260,266)
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.	
Net change in interest payable	<u>(14,775)</u>
Change in net position of governmental activities (Exhibit A-1)	<u>\$ (3,492,313)</u>

Notes on Exhibit A-6 are an integral part of this statement.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation

The Industrial Development Board of the City of Gonzales, Louisiana, Inc. (the Board) was created, authorized, and empowered under the laws of the State of Louisiana, including particularly Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:9038.1 to 33:9038.10, inclusive) (the "Tax Incremental Development Act"). The purpose is to provide for the financing of the acquisition, construction and equipping of a Cabela's retail outlet and certain infrastructure located in the Gonzales Economic District No. 1 (the District).

The Board has entered into a Cooperative Endeavor Agreement with the City of Gonzales, the District, Carlisle Resort, LLC, Cabela's Retail LA, LLC, and the State of Louisiana to provide aspects of the development of the project and the pledge of incremental increases in sales and use taxes receipts to finance the bonds for the development of the project.

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

The financial statements comply with GASB approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Board's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Board's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

Financial Reporting Entity

These financial statements present the Board as the primary government. For financial reporting purposes, the Board is controlled by or dependent on the Board. Control by or dependence on the Board was determined on the basis of the taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The Board's members are appointed by the City of Gonzales, but the City's accountability for the Board does not extend beyond making the appointment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

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

The criteria for determining which component units should be considered part of the Board for financial reporting purposes 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 Board governing authority appoints a majority of board members of the potential component unit;
- Fiscal interdependency between the Board and the potential component unit;
- Imposition of will by the Board on the potential component unit; and
- Financial benefit/burden relationship between the Board and the potential component unit.

As required by generally accepted accounting principles, these financial statements present the Board; there are no component units to be included either blended within the Board's funds or discretely presented in these financial statements.

Basis of Presentation

The Board's basic financial statements consist of the government-wide statements of the primary government and the fund financial statements. The Board's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the Board. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period, except for the fiduciary activities. Governmental activities generally are financed through sales taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

The Board presents one major governmental fund, the Debt Service Fund. The Board does not maintain proprietary or fiduciary funds. The Debt Service Fund is used to account for resources restricted for the payment of principal and interest on the Series 2006 Bonds and related costs, and for the collection of pledged sales taxes.

The Debt Service Fund is the Board's only governmental fund and is presented as a major fund.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The Debt Service Fund is the main operating fund for the Board.

Governmental Fund Type

The Board's governmental fund accounts for the acquisition, use, and balances of expendable financial resources and related liabilities. Measurement is focused upon determining changes in fund balance rather than net income. The Board's only governmental fund is the Debt Service Fund, described below:

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, the payment of, general long-term debt principal, interest and related costs, and the collection of taxes. The Board considers the Debt Service Fund a major fund.

Basis of Accounting and Measurement Focus

Government-wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (Continued)

Fund financial statements

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the Board receives value without directly giving value in return, include sales tax, donations, and federal and state aid and grants.

Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time. Federal and state aid and grants are recorded as revenue when the Board is entitled to the funds and eligibility requirements are met, generally corresponding to when grant-related costs are incurred by the Board, but subject to the availability criteria.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except unmatured interest on general long-term debt, which is recognized when due. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

Cash and Investments

Cash includes investments in highly liquid debt instruments with an original maturity of three months or less, excluding amounts whose use is limited by board designation or those amounts with third-party payers.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their fair value at the date of donation. Donated capital assets, donated works of art and similar items, and capital assets received in a concession arrangement are reported at their acquisition value rather than fair value. Major outlays for capital assets and improvements are capitalized at completion of the construction projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Government-wide Statements

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of calculation. The range of estimated useful lives by type of asset is as follows:

Buildings and infrastructure	25-40 years
Furniture and equipment	8-15 years

Fund Financial Statements

In the fund financial statements capital assets used in governmental fund operations are not capitalized. Instead, capital acquisition and construction are reflected as expenditures in the governmental funds.

Long-term Liabilities

The accounting treatment of long-term liabilities depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide Statement of Net Position, long-term debt is reported as a liability. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are reported as expenses in the period incurred. The long-term debt consists primarily of taxable revenue bonds.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The face amount of the debt proceeds is reported as other financing sources and payment of principal and interest are reported as expenditures. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs in the period incurred. The Board is not obligated for any special assessment debt.

Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position —consist of net position that is restricted by the Board's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—Consist of all other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Net Position (Continued)

Use of Restricted Net Position

The Board considers restricted amounts to be spent first when both restricted and unrestricted net position is available.

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

- Nonspendable—Amounts that cannot be spent either because they are in a nonspendable 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 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 the Board ordinance.
- Assigned—Amounts that are designated by the Board's agency head 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 the Board.
- Unassigned—All amounts not included in other spendable classifications. The Debt Service Fund reports a negative unassigned fund balance and is the only fund allowed to report a positive fund balance. However, in other governmental funds other than the Debt Service Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that particular fund.

Use of Restricted Fund Balance

When an expense is incurred that can be paid using either restricted or unrestricted resources (fund balance), the Board's policy is to apply the expenditure in the following priority: 1) restricted fund balance, 2) committed fund balance, 3) assigned fund balance, and 4) unassigned fund balance.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

Subsequent Events

In preparing these financial statements, the Board has evaluated events and transactions for potential recognition or disclosure through November 24, 2025, which is the date the financial statements were available to be issued.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current Accounting Standards Implemented

Accounting Changes and Error Corrections

During the fiscal year, the Board implemented policies under GASB Statement No. 100, *Accounting Changes and Error Corrections*, which is an amendment of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period.

This Statement also requires that information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. This statement has no impact on the Board's financial statements for the year ended May 31, 2025.

NOTE 2 - CASH AND INVESTMENTS

Statutes authorize the Board to invest in United States bonds, treasury notes or certificates, time certificates of deposit of Louisiana state banks and national banks having the principal office in the State of Louisiana, or any other federally insured investment. As of May 31, 2025, the Board had a balance of \$556,111 invested in government obligations funds with an investment maturity of less than one year.

(Continued)

NOTE 3 - CAPITAL ASSETS

A summary of changes in general capital assets for the year ended May 31, 2025, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable:				
Land	\$ 6,800,014	\$ -	\$ -	\$ 6,800,014
Depreciable:				
Buildings	38,580,021	-	-	38,580,021
Infrastructure	8,621,418	-	-	8,621,418
Furniture and equipment	6,447,907	-	-	6,447,907
Depreciable capital assets, gross	53,649,346	-	-	53,649,346
Less accumulated depreciation for:				
Buildings	15,806,926	966,423	-	16,773,349
Infrastructure	4,820,349	293,843	-	5,114,192
Furniture and equipment	6,447,907	-	-	6,447,907
Total accumulated depreciation	27,075,182	1,260,266	-	28,335,448
Depreciable capital assets, net	26,574,164	1,260,266	-	25,313,898
Governmental activities capital assets, net	\$ 33,374,178	\$ 1,260,266	\$ -	\$ 32,113,912

NOTE 4 - LONG-TERM LIABILITIES

Debt Outstanding

A summary of outstanding long-term debt for the year ended May 31, 2025, is as follows:

	May 31, 2024	Increases	Decreases	May 31, 2025
Bonds payable	\$ 49,614,679	\$ -	\$ -	\$ 49,614,679

Long-term debt obligations for the primary government at May 31, 2025, are comprised of the following:

\$42,350,000 Tax incremental taxable revenue bond, series 2007A dated November 10, 2008, with a maturity date of December 1, 2037 and an interest rate at 6.50%, secured by sales taxes.	\$ 42,150,084
\$14,500,000 Tax incremental taxable revenue bond, series 2007B dated June 1, 2008, with a maturity date of December 1, 2037 and an interest rate at 6.50%, secured by sales taxes.	7,464,595
Total long-term debt - governmental activities	\$ 49,614,679

NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

Debt Outstanding (Continued)

Current Maturities

The bond indenture requires sales tax revenue to be applied to accrued interest before any principal payments on the bonds without an amortization schedule. Historically, sales tax revenue has not been enough to pay interest on the bonds; therefore, there is no current portion of long-term liabilities recognized during the year. Additionally, no future payment of debt service is presented because of this uncertainty.

NOTE 5 - EVENTS OF DEFAULT AND REMEDIES

The Board has not received enough sales tax revenue to pay the principal and interest on the bonds when they become due and payable. This is an Event of Default under Section 8.2 of the Trust of Indenture. However, this section also states that if the tax collector timely advances the monthly pledged local increment and the Louisiana Department of Revenue timely advances the monthly pledged local increment to the trustee in accordance with the cooperative endeavor agreement and the trust indenture, and the monthly pledged local increment and monthly pledged state increment so transferred are not sufficient for the payment due and payable, then an Event of Default shall not be deemed to have occurred. In May 2024, the Louisiana Department of Revenue fulfilled the annual pledge increment of \$10,500,000 in accordance with the cooperative endeavor agreement. The Board will no longer receive sales tax from the State of Louisiana.

Upon the occurrence of an Event of Default, the trustee upon the written request of the owners of less than majority of the aggregate principal amount of bonds outstanding shall, by notice in writing to the issuer, declare the bonds then outstanding immediately due and payable. As of November 25, 2025, the Board has not received a written request that the bonds are immediately due and payable.

NOTE 6 - SALES AND USE TAX

The Board receives one and one-half cents of the City of Gonzales, Louisiana's two cent sales tax collected within the geographic area designated as the Gonzales Economic District No. 1.

The State of Louisiana contributed one and one-half cents sales tax from its portion generated within the District up to a maximum of \$10,500,000. As of May 31, 2024, the State of Louisiana's total sales tax contributed totaled \$10,500,000. The State of Louisiana has fulfilled the maximum contribution amount.

NOTE 7 - DEFICIT FUND BALANCE

The Board's only source of revenue is the sales tax collected within the District and the only expenses are paying the debt service bonds. Annual sales tax collections remitted to the Board does not exceed annual interest due on bonds outstanding.

SUPPLEMENTARY INFORMATION

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

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

For the year ended May 31, 2025

Agency Head: Timothy Riley, Mayor of the City of Gonzales, Louisiana

The Mayor serves with no compensation paid from public funds.

OTHER INDEPENDENT AUDITORS' REPORTS



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

To the Members of the Industrial Development Board
Of the City of Gonzales, Louisiana, Inc.

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 Audit Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Industrial Development Board of the City of Gonzales, Louisiana, Inc. (the "Board") as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated November 24, 2025.

Report on Internal Control over Financial Reporting

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



To the Members of the Industrial Development Board
Of the City of Gonzales, Louisiana, Inc.
November 24, 2025

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2025-001.

Industrial Development Board of the City of Gonzales, Louisiana, Inc's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

This report is intended solely for the information and use of management, the members of the Industrial Development Board of the City of Gonzales, Louisiana, Inc., the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Baton Rouge, Louisiana
November 24, 2025

Erickson Krentel, LLP

Certified Public Accountants

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF GONZALES, LOUISIANA, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED MAY 31, 2025**

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Industrial Development Board of the City of Gonzales, Louisiana, Inc.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements of the Industrial Development Board of the City of Gonzales, Louisiana Inc. is reported in the 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*.
4. A management letter was not issued for the year ended May 31, 2025.

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Compliance Findings

Finding 2025-001 Noncompliance with State Laws

Condition: The Industrial Development Board of the City of Gonzales, Louisiana, Inc. did not have documentation for any member completing one hour of sexual harassment education and training or one hour of Code of Governmental Ethics training.

Criteria: R.S. 42:343 requires all public servants must complete one hour of education and training on preventing sexual harassment each calendar year. R.S. 42:1170 also requires all public servants to complete one hour of education and training on the Code of Governmental Ethics each year.

Effect: The Industrial Development Board of the City of Gonzales, Louisiana, Inc. is not in compliance with requirements set by R.S. 42:343 and R.S. 42:1170.

Cause: The Industrial Development Board of the City of Gonzales, Louisiana, Inc. did not have adequate controls in place to monitor training requirements.

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF GONZALES, LOUISIANA, INC.**
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED MAY 31, 2025

Recommendation: The Industrial Development Board of the City of Gonzales, Louisiana, Inc should put procedures in place to require all members complete the required training each year.

View of Responsible Officials: Management agrees that ensuring all members complete the required annual trainings for ethics and sexual harassment is essential for compliance and effective governance. The Board will develop and implement formal procedures to track training completion and establish clear accountability measures. These procedures will include a defined timeline for completing the annual training, tracking system to monitor compliance for all members, and regular reminders and follow-up communications to ensure timely completion.

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF GONZALES, LOUISIANA, INC**
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MAY 31, 2025

**I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL
STATMENTS**

There were no findings related to the financial statements for the year ended May 31, 2024.

II. MANAGEMENT LETTER

There was no management letter for the year ended May 31, 2024.

**INDUSTRIAL DEVELOPMENT BOARD
OF CITY OF GONZALES, LOUISIANA, INC.
CORRECTIVE ACTION PLAN – FINDINGS
FOR THE YEAR ENDED MAY 31, 2025**

November 24, 2025

Louisiana Legislative Auditor

The Industrial Development Board of City of Gonzales, Louisiana, Inc. respectfully submits the following corrective action plan for the year ended May 31, 2025.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
8550 United Plaza Boulevard, Suite 600
Baton Rouge, Louisiana 70809

Engagement Period: June 1, 2024 – May 31, 2025

The findings from the May 31, 2025 schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

Compliance

Finding 2025-001 Noncompliance with State Laws Revised Statutes 42:343 Sexual Harassment Training and 42:1170 Ethics Education

Recommendation:

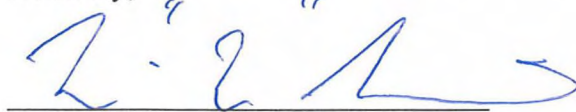
The Industrial Development Board of the City of Gonzales, Louisiana, Inc should put procedures in place to require all members complete the required training each year.

Views of Responsible Officials:

Management agrees that ensuring all members complete the required annual trainings for ethics and sexual harassment is essential for compliance and effective governance. The Board will develop and implement formal procedures to track training completion and establish clear accountability measures. These procedures will include a defined timeline for completing the annual training, tracking system to monitor compliance for all members, and regular reminders and follow-up communications to ensure timely completion.

If there are any questions regarding this plan, please contact Tammy Stewart, Senior Accountant at (225) 647-9589.

Sincerely,



Signature



Title

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GOZALES, LOUISIANA INC.**

LOUISIANA LEGISLATIVE AUDITOR

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED

MAY 31, 2025



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the Industrial Development Board
Of the City of Gonzales, Louisiana, Inc.

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 year ended May 31, 2025. The Industrial Development Board of City of Gonzales, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

The Industrial Development Board of City of Gonzales, Louisiana, Inc. 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 year ended May 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 attached in Schedule "1."

We were engaged by the Industrial Development Board of City of Gonzales, Louisiana, Inc. 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 the Industrial Development Board of City of Gonzales, Louisiana, Inc. 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.

November 24, 2025
Baton Rouge, Louisiana

Erickson Krentel, LLP

Certified Public Accountants

**INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF GONZALES LOUISIANA, INC.**
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MAY 31, 2025

ETHICS

1. Using 5 randomly selected employees/officials obtain ethics documentation from management, and:
 - a) 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
 - b) 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.
2. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: None of the five employees/officials tested have documentation of completing one hour of ethics training during the calendar year. The Board also did not have documentation to support that each official was notified of any changes to the entity's ethics policy during the fiscal year.

PREVENTION OF SEXUAL HARASSMENT

3. Using the 5 randomly selected employees/officials from procedure #1 under "Ethics" above, 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.
4. 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).
5. 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.
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;

**THE INDUSTRIAL DEVELOPMENT BOARD OF
CITY OF GONZALES, LOUISIANA, INC.
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED MAY 31, 2025**

- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: None of the five employees/officials tested have documentation of completing one hour of sexual harassment training during the calendar year. The Board did not prepare the annual sexual harassment report during the current fiscal year as required.

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF GONZALES, LOUISIANA, INC.
CORRECTIVE ACTION PLAN –
STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MAY 31, 2025**

November 24, 2025

Louisiana Legislative Auditor

The Industrial Development Board of City of Gonzales, Inc. respectfully submits the following corrective action plan for items identified pursuant to the agreed-upon procedures in accordance with Statewide Agreed Upon Procedures.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
8550 United Boulevard
Baton Rouge, LA 70809

Engagement Period: June 1, 2024 – May 31, 2025

The exceptions from the statewide agreed-upon procedures report are discussed below:

Ethics

Exceptions: None of the five employees/officials tested have documentation of completing one hour of ethics training during the calendar year. The Board also did not have documentation to support that each official was notified of any changes to the entity's ethics policy during the fiscal year.

Prevention of Sexual Harassment

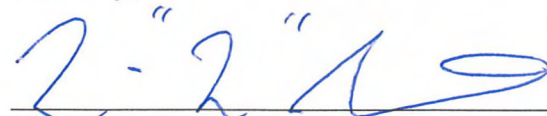
Exceptions: None of the five employees/officials tested have documentation of completing one hour of sexual harassment training during the calendar year. The Board did not prepare the annual sexual harassment report during the current fiscal year as required.

Management's Response to Exceptions:

Management agrees that ensuring all members complete the required annual trainings for ethics and sexual harassment is essential for compliance and effective governance. The Board will develop and implement formal procedures to track training completion and establish clear accountability measures. These procedures will include a defined timeline for completing the annual training, tracking system to monitor compliance for all members, and regular reminders and follow-up communications to ensure timely completion.

If there are any questions regarding this plan, please contact Tammy Stewart, Senior Accountant at (225) 647-9589.

Sincerely,



Signature



Title