

CITY OF PONCHATOULA, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

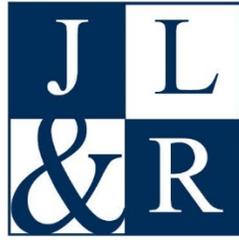
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Independent Auditor's Report

The Honorable J. Wesley Daniels, Mayor
and City Council Members
City of Ponchatoula, 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, each major fund, and the aggregate remaining fund information of the City of Ponchatoula, Louisiana (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to this matter.

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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the budgetary comparison information; the schedule of the City's proportionate share of the net pension liability; and the schedule of the City's contributions to defined benefit pension plans on pages 5 – 12 and 58 – 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

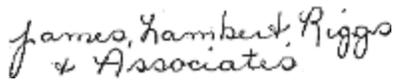
obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The accompanying Combining Balance Sheet – Non-Major Governmental Funds; the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds; the Schedule of Compensation of Paid Elected Officials; the Schedule of Compensation, Benefits, and Other Payments to Agency Head; the Justice System Funding Schedule – Collecting / Disbursing Entity; and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 Combining Balance Sheet – Non-Major Governmental Funds; the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds; the Schedule of Compensation of Paid Elected Officials; the Schedule of Compensation, Benefits, and Other Payments to Agency Head; the Justice System Funding Schedule – Collecting / Disbursing Entity; and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’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 City’s internal control over financial reporting and compliance.



James Lambert Riggs and Associates, Inc.
Hammond, Louisiana

December 30, 2025

**Required Supplementary Information (Part I):
Management's Discussion and Analysis**

City of Ponchatoula, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2025

As management of the City of Ponchatoula, Louisiana (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. This Management Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is designed to provide readers with a broad overview of City finances. It is also intended to provide readers with an analysis of the short and long-term activities of the City based on information presented in this financial report, as well as fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The City has presented its financial statements under the reporting model required by Governmental Accounting Standards Board (GASB) Statement No. 34. Prior year comparative information for this reporting period has been included in this MD&A, along with a narrative of the changes expected from one year to the next.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the Required and Other Supplementary Information (RSI) that is provided.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City's financial statements. The City's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Supplementary Information

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the City's financial position and results of operations in a manner similar to a private-sector business.

- A. The Statement of Net Position presents information on all the City's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is 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 City is improving or weakening.
- B. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the City into:

Governmental activities that are principally supported by taxes and intergovernmental revenues, and

Business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position for the current year as compared to the prior year. For a more detailed analysis, see the Statement of Net Position on Exhibit A of this report.

The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$34,856,212 (net position), an increase of \$4,906,809 over last year. Of the total amount, \$350,297 is unrestricted net position. The City's net position is comprised of \$12,975,243 from governmental activities and \$2,345,327 from business-type activities, as shown on Exhibit A.

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current and Other Assets	\$ 12,499,565	\$ 12,483,305	\$ 16,260	0.13%
Capital Assets, Net	31,364,855	24,069,063	7,295,792	30.31%
Right-of-Use Assets, Net	<u>121,258</u>	<u>319,377</u>	<u>(198,119)</u>	-62.03%
Total Assets	<u>\$ 43,985,678</u>	<u>\$ 36,871,745</u>	<u>\$ 7,113,933</u>	19.29%
Deferred Outflows of Resources	<u>\$ 2,847,019</u>	<u>\$ 3,428,035</u>	<u>\$ (581,016)</u>	-16.95%
Liabilities				
Current Liabilities	\$ 4,279,008	\$ 2,129,246	\$ 2,149,762	100.96%
Long-Term Liabilities	54,460	114,906	(60,446)	-52.60%
Net Pension Liability	<u>7,371,386</u>	<u>7,963,325</u>	<u>(591,939)</u>	-7.43%
Total Liabilities	<u>\$ 11,704,854</u>	<u>\$ 10,207,477</u>	<u>\$ 1,497,377</u>	14.67%
Deferred Inflows of Resources	<u>\$ 271,631</u>	<u>\$ 142,900</u>	<u>\$ 128,731</u>	90.08%
Net Position				
Net Investment in Capital Assets	\$ 31,371,206	\$ 24,066,740	\$ 7,304,466	30.35%
Restricted Net Position	3,134,709	4,367,453	(1,232,744)	-28.23%
Unrestricted Net Position	<u>350,297</u>	<u>1,515,210</u>	<u>(1,164,913)</u>	-76.88%
Total Net Position	<u>\$ 34,856,212</u>	<u>\$ 29,949,403</u>	<u>\$ 4,906,809</u>	16.38%

By far the largest portion of the City's net position (90.00%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8.99%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$350,297 of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position, for the government as a whole. The same situation held true for the prior ten fiscal years.

To further understand what makes up the changes in net position, the following table provides a summary of the results of the City's operating activities for the current year as compared to the prior year. For a more detailed analysis, see the Statement of Activities on Exhibit B of this report.

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 3,122,728	\$ 2,886,399	\$ 236,329	8.19%
Operating Grants	150,439	30,526	119,913	392.82%
Capital Grants	5,723,605	616,506	5,107,099	828.39%
General Revenues:				
Taxes	8,846,161	8,655,765	190,396	2.20%
Other	<u>2,529,513</u>	<u>2,760,564</u>	<u>(231,051)</u>	-8.37%
Total Revenues	20,372,446	14,949,760	5,422,686	36.27%
Expenses:				
Governmental Activities	12,975,243	12,720,588	254,655	2.00%
Business-Type Activities	<u>2,345,327</u>	<u>2,432,154</u>	<u>(86,827)</u>	-3.57%
Total Expenses	<u>15,320,570</u>	<u>15,152,742</u>	<u>167,828</u>	1.11%
Change in Net Position	5,051,876	(202,982)	5,254,858	-2588.83%
Net Position:				
Beginning of the Year, Original	29,949,401	30,185,321	(235,920)	-0.78%
Prior Period Adjustment	<u>(145,065)</u>	<u>(32,936)</u>	<u>(112,129)</u>	340.45%
Beginning of the Year, Restated	<u>29,804,336</u>	<u>30,152,385</u>	<u>(348,049)</u>	-1.15%
End of the Year	<u>\$ 34,856,212</u>	<u>\$ 29,949,403</u>	<u>\$ 4,906,809</u>	16.38%

Governmental Activities

The governmental activities of the City include General Government, Public Safety, Public Works, Cemetery, Culture and Recreation, Community Development, Public Transportation, and Miscellaneous Programs. Sales taxes, property taxes, franchise taxes, licenses, permits, and fines fund most of these governmental activities.

Here we show the City's expenditures related to those functions typically associated with governments. In the chart below, General Government includes the following departments: Legislative (City Council), Judicial, Executive, Financial, Building, and other General Administration. Public Safety encompasses the Police and Fire departments. Public Works is made up of the Street and Sanitation departments. Culture and Recreation

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

contain the City's parks as well as Community Center activities. Community Development consists of Main Street and the Industrial Park.

<u>Governmental Expenditures</u>	<u>Amount</u>	<u>Percentage</u>
General Government	\$ 414,646	3.20%
Public Safety	8,655,184	66.71%
Public Works	2,903,845	22.38%
Cemetery	45,967	0.35%
Culture and Recreation	693,926	5.35%
Community Development	25,382	0.20%
Public Transportation	29,299	0.23%
Miscellaneous Programs	178,702	1.38%
Debt Service Interest	28,292	0.22%
Total Governmental Activities	<u>\$ 12,975,243</u>	<u>100.00%</u>

General revenues are those available for the City to use to pay for the governmental activities described above:

<u>Governmental Revenues</u>	<u>Amount</u>	<u>Percentage</u>
Sales Taxes	\$ 7,620,848	67.35%
Property Taxes	1,225,313	10.83%
Licenses, Permits, and Fees	1,030,392	9.11%
Miscellaneous	1,110,166	9.81%
Revenue from Non-Employer Contributions	280,584	2.48%
Interfund Transfers In / (Out)	-	0.00%
Gain / (Loss) on Disposition of Assets	48,016	0.42%
Total Governmental Activities	<u>\$ 11,315,319</u>	<u>100.00%</u>

Sales taxes are the largest revenue source for the City comprising 67.35% of total general governmental revenue. Property taxes are the second largest revenue source for the City accounting for 10.83% of total general governmental revenue.

For the year ended June 30, 2025, taxes of 16.52 mills were levied on property inside of the City limits. An original 10-mill tax was passed in 1990 to be used for police officer pay, firemen pay, and to purchase equipment for both departments.

	<u>2025 Taxes</u>		<u>2024 Taxes</u>	
	<u>Levied</u>	<u>Mills</u>	<u>Levied</u>	<u>Mills</u>
General Fund	\$ 483,625	6.52	\$ 511,073	6.52
Policemen Pay Millage Fund	445,054	6.00	470,313	6.00
Firemen Pay Millage Fund	148,351	2.00	156,771	2.00
Equipment Millage Fund	148,351	2.00	156,771	2.00
Total Property Taxes Levied	<u>\$ 1,225,381</u>	<u>16.52</u>	<u>\$ 1,294,928</u>	<u>16.52</u>

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

Business-Type Activities

The business-type activities of the City are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. Only the City's water and sewer departments are reported here:

<u>Charges for Services</u>	<u>Sewer</u>	<u>Water</u>
Fiscal Year Ended June 30, 2025	\$ 1,084,668	\$ 671,285
Fiscal Year Ended June 30, 2024	<u>1,153,026</u>	<u>783,499</u>
Increase (Decrease) Between Years	<u>\$ (68,358)</u>	<u>\$ (112,214)</u>
<u>Operating Expenses</u>	<u>Sewer</u>	<u>Water</u>
Fiscal Year Ended June 30, 2025	\$ 1,345,698	\$ 999,629
Fiscal Year Ended June 30, 2024	<u>1,385,211</u>	<u>1,046,943</u>
(Decrease) Increase Between Years	<u>\$ (39,513)</u>	<u>\$ (47,314)</u>

2. 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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All City funds can be divided into two categories: governmental funds and proprietary funds.

A. Governmental funds are used to account for most of the City's basic services and are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds, and the balances left at year end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on Exhibits D and F.

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

The City maintains 7 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and 1965 Sales Tax Fund, which are considered major funds. Data from the other governmental funds (Mausoleum Trust, Firemen Pay Millage, Policemen Pay Millage, Equipment Millage, and Cemetery Endowment) are combined into a single, aggregated presentation. These basic governmental fund financial statements can be found on Exhibits C and E of this report. The summary of the non-major funds is found on Schedules 5 and 6.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,896,944, a decrease of \$480,246 over June 30, 2024. In the General Fund, the unassigned fund balance is \$3,086,617, as shown on Exhibit C.

At June 30, 2025, the City had a fund balance of \$2,610,718 in the 1965 Sales Tax Fund to provide for constructing, acquiring, extending, improving, and / or maintaining drainage facilities, streets, sidewalks, public buildings; purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements, and facilities; and maintaining and operating garbage collection facilities.

The amounts in the Policemen and Firemen Pay Millage Funds have been earmarked by public election to be used only towards salaries for these departments. The total amount collected this fiscal year will be transferred to the General Fund in the next fiscal year to pay a portion of the total salaries of the City's police officers and firemen. In addition, monies in the Equipment Millage Fund are only to be spent on equipment for the police and fire departments.

Fund Balance in the City's Major Funds:

Fund Balance Date	General Fund	1965 Sales Tax Fund
June 30, 2025	\$ 5,762,235	\$ 2,610,718
June 30, 2024	5,009,737	3,723,317
Change in Fund Balance	\$ 752,498	\$ (1,112,599)

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Other Supplementary Information portion of this report, beginning on Schedule 5.

- B. Proprietary Funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer departments, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on Exhibits G, H, and I.

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

3. NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on the pages indicated in the table of contents.

4. SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and certain other supplementary information. Required supplementary information can be found on Schedules 1 through 4 of this report.

- A. Budgetary Comparison Information – The City adopts an annual appropriated budget for its general fund, sales tax fund, and millage funds for police and fire department pay, as well as for equipment for both departments. A budgetary comparison statement has been provided for the City's major funds to demonstrate compliance, on Schedules 1 and 2.
- B. Significant variations from the general fund's original budget amounts and final budget amounts are as follows:
- Fines & Forfeitures increased by \$2,500
 - Property tax revenue stayed the same at \$680,000
 - Other revenues increased by \$178,801
 - Interest Income decreased by \$35,000
 - Public Works expenditures decreased by \$1,887,205 due to a decrease in various overlay projects
 - Grant Revenues decreased by \$432,879 due to projects not started / completed

There were no significant variations between the general fund's final budget amounts and actual amounts.

Combining Statements of the Non-Major Governmental Funds – Special Revenue Funds (Mausoleum Trust Fund, Firemen Pay Millage Fund, Policemen Pay Millage Fund, and Equipment Millage Fund), and the Permanent Fund (Cemetery Endowment) have been provided beginning on Schedule 5.

CAPITAL ASSET AND DEBT ADMINISTRATION

1. Capital Assets

The City's capital assets, net of accumulated depreciation, as of June 30, 2025, in its governmental activities is \$26,162,006 and in business-type activities is \$16,044,100, which totals \$42,206,106 for the City. Capital assets include land, construction in progress, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total change in the City's net capital assets for the current fiscal year was a \$2,715,446 increase for governmental activities and a \$4,582,668 increase for business-type activities.

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

A. Timeclock System for Police, Fire, and Streets	\$26,718
B. Digicomm Court Software	\$54,393
C. 2024 Ford F-150 – Fire Department	\$60,417

City of Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

D. Land for New Fire Station	\$1,608,609
E. Police Vests	\$29,164
F. 2025 Chevy Silverado (x4) – Police Department	\$236,992
G. 2023 Ford F-250 – Street Department	\$56,688
H. 2024 Ford F-150 – Street Department	\$48,618

Additional information on the City's capital assets can be found in Note 7.

2. Long-Term Debt

At the end of the current fiscal year, the City had no bond debt outstanding.

3. Capital Leases

At the end of the current fiscal year, the City had capital leases outstanding of \$114,907, which consisted of Vehicle Leases only. A Police Department Dispatch Console lease was paid off in the current year. Additional information concerning this lease can be found in Note 10.

Economic Factors and Next Year's Budget

The following factors were considered in preparing the City's budget for the 2026 fiscal year:

- Again, as in the past, sales tax collections are the City's largest revenue source. In reviewing fiscal year 2025's collections, projected collections for fiscal year 2026 are comparable to 2025. The City anticipates continued commercial growth, especially along Veterans Avenue.
- During the budget planning process, funds have been designated for certain capital outlays. Those outlays include funds for continued improvements to the City's sewer and water infrastructure.
- The city budgeted additional money for street improvements and overlays.
- The city budgeted additional money for citywide drainage especially the Southwest Quadrant and Barringer Road.
- Buildings permits are expected to continue at the present pace

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Elise Van Asch, Finance Manager, 125 West Hickory Street, Ponchatoula, Louisiana 70454.

**Basic Financial Statements –
Government-Wide Financial Statements**

City of Ponchatoula, Louisiana
Statement of Net Position
June 30, 2025

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash & Cash Equivalents	\$ 5,426,881	\$ 524,937	\$ 5,951,818
Investments	2,465,103	211,708	2,676,811
Receivables, Net	1,592,859	142,250	1,735,109
Grant Receivables	-	1,734,603	1,734,603
Internal Balances	270,142	(270,142)	-
Other Current Assets	30,145	-	30,145
Restricted Cash and Cash Equivalents	-	116,180	116,180
Restricted Investments	-	254,899	254,899
Land	2,216,588	224,763	2,441,351
Construction-in-Progress	4,167,506	5,558,247	9,725,753
Capital Assets, Net	8,936,660	10,261,091	19,197,751
Right of Use Assets, Net	121,258	-	121,258
Total Assets	\$ 25,227,142	\$ 18,758,536	\$ 43,985,678
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	\$ 382,960	\$ 1,814	\$ 384,774
Changes in Assumptions	74,551	-	74,551
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	176,553	6,873	183,426
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	932,346	8,125	940,471
City Contributions Subsequent to the Measurement Date	1,215,888	47,909	1,263,797
Total Deferred Outflows of Resources	\$ 2,782,298	\$ 64,721	\$ 2,847,019
Liabilities			
Accounts Payable	\$ 468,714	\$ 2,539,184	\$ 3,007,898
Retainage Payable	-	236,019	236,019
Accrued Liabilities	419,472	17,005	436,477
Non-Current Liabilities:			
Accrued Compensated Absences	118,101	-	118,101
Lease Payable - Due Within One Year	60,447	-	60,447
Lease Payable - Due in More Than One Year	54,460	-	54,460
Payable from Restricted Assets - Utility Meter Deposits	-	420,066	420,066
Net Pension Liability	7,180,412	190,974	7,371,386
Total Liabilities	\$ 8,301,606	\$ 3,403,248	\$ 11,704,854
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	\$ 185,034	\$ 1,562	\$ 186,596
Changes in Assumptions	35,257	7,109	42,366
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	42,627	42	42,669
Total Deferred Inflows of Resources	\$ 262,918	\$ 8,713	\$ 271,631
Net Position			
Net Investment in Capital Assets	\$ 15,327,105	\$ 16,044,101	\$ 31,371,206
Restricted for:			
Cemetery / Mausoleum	101,788	-	101,788
Dedicated Sales Tax Usage	2,610,718	-	2,610,718
Dedicated Ad Valorem Tax Usage	422,203	-	422,203
Unrestricted	983,102	(632,805)	350,297
Total Net Assets	\$ 19,444,916	\$ 15,411,296	\$ 34,856,212

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
Statement of Activities
For the Year Ending June 30, 2025

Exhibit B

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenues & Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 414,646	\$ -	\$ -	\$ -	\$ (414,646)	\$ -	\$ (414,646)
Public Safety	8,655,184	189,160	150,439	1,200,000	(7,115,585)	-	(7,115,585)
Public Works	2,903,845	1,177,615	-	-	(1,726,230)	-	(1,726,230)
Cemetery	45,967	-	-	37,500	(8,467)	-	(8,467)
Culture and Recreation	693,926	-	-	1,003,122	309,196	-	309,196
Community Development	25,382	-	-	-	(25,382)	-	(25,382)
Public Transportation	29,299	-	-	-	(29,299)	-	(29,299)
Miscellaneous Programs	178,702	-	-	-	(178,702)	-	(178,702)
Debt Service Interest	28,292	-	-	-	(28,292)	-	(28,292)
Total Governmental Activities	12,975,243	1,366,775	150,439	2,240,622	(9,217,407)	-	(9,217,407)
Business-Type Activities:							
Sewer	1,345,698	1,084,668	-	3,482,983	-	3,221,953	3,221,953
Water	999,629	671,285	-	-	-	(328,344)	(328,344)
Total Business-Type Activities	2,345,327	1,755,953	-	3,482,983	-	2,893,609	2,893,609
Total	\$ 15,320,570	\$ 3,122,728	\$ 150,439	\$ 5,723,605	(9,217,407)	2,893,609	(6,323,798)
General Revenues:							
Sales Taxes					7,620,848	-	7,620,848
Property Taxes					1,225,313	-	1,225,313
Licenses, Permits, and Fees					1,030,392	-	1,030,392
Miscellaneous					1,110,166	49,235	1,159,401
Revenue from Non-Employer Contributions					280,584	11,120	291,704
Gain / (Loss) on Disposition of Assets					48,016	-	48,016
Total General Revenues					11,315,319	60,355	11,375,674
Change in Net Position					2,097,912	2,953,964	5,051,876
Net Position - Beginning of the Year, Originally Stated					17,456,680	12,492,721	29,949,401
Prior Period Adjustment					(109,676)	(35,389)	(145,065)
Net Position - Beginning of the Year, Restated					17,347,004	12,457,332	29,804,336
Net Position - End of the Year					\$ 19,444,916	\$ 15,411,296	\$ 34,856,212

The accompanying notes are an integral part of these financial statements.

**Basic Financial Statements –
Fund Financial Statements**

City of Ponchatoula, Louisiana
 Balance Sheet – Governmental Funds
 June 30, 2025

Exhibit C

		<u>Special Revenue Fund</u>		
	<u>General Fund</u>	<u>1965 Sales Tax Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 3,981,757	\$ 1,005,491	\$ 439,633	\$ 5,426,881
Investments	1,412,835	969,059	83,209	2,465,103
Receivables, Net				
Sales Taxes	640,330	640,330	-	1,280,660
Franchise Taxes	75,817	-	-	75,817
Garbage Collection Fees	101,249	-	-	101,249
Other Receivables	135,133	-	-	135,133
Due from Other Funds	270,142	-	1,149	271,291
Other Current Assets	30,145	-	-	30,145
Total Assets	<u>6,647,408</u>	<u>2,614,880</u>	<u>523,991</u>	<u>9,786,279</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	464,552	4,162	-	468,714
Accrued Liabilities	419,472	-	-	419,472
Due to Other Funds	1,149	-	-	1,149
Total Liabilities	885,173	4,162	-	889,335
Fund Balance:				
Nonspendable	-	-	67,496	67,496
Restricted, Reported in				
Special Revenue Funds	-	2,610,718	456,495	3,067,213
Assigned for Water Sector	2,675,618	-	-	2,675,618
Unassigned	3,086,617	-	-	3,086,617
Total Fund Balances	<u>5,762,235</u>	<u>2,610,718</u>	<u>523,991</u>	<u>8,896,944</u>
Total Liabilities and Fund Balances	<u>\$ 6,647,408</u>	<u>\$ 2,614,880</u>	<u>\$ 523,991</u>	<u>\$ 9,786,279</u>

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
 Reconciliation of the Governmental Funds Balance Sheet to the
 Statement of Net Position
 For the Year Ended June 30, 2025

Exhibit D

Fund Balances - Total Governmental Funds (Exhibit C) \$ 8,896,944

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 Assets	32,546,100
Less: Accumulated Depreciation	(17,225,346)

Right of use assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Right of Use Assets	976,731
Less: Accumulated Amortization	(855,473)

Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued Compensated Absences	(118,101)
Capital Lease Obligations	(114,907)

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related to pension plans, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental funds.

Net Pension Liability:

Municipal Employees Retirement System of Louisiana	(947,131)
Firefighters' Retirement System of Louisiana	(1,742,649)
Municipal Police Employees Retirement System of Louisiana	(4,490,632)

Deferred Outflows of Resources:

Differences Between Expected and Actual Experience	382,960
Changes of Assumptions	74,551
Net Difference Between Projected and Actual Earnings on Pension	
Plan Investments	176,553
Changes in Proportion and Differences Between City Contributions and	
Proportionate Share of Contributions	932,346
City Contributions Subsequent to the Measurement Date	1,215,888

Deferred Inflows of Resources:

Differences Between Expected and Actual Experience	(185,034)
Changes of Assumptions	(35,257)
Changes in Proportion and Differences Between City Contributions and	
Proportionate Share of Contributions	(42,627)

Net Position of Governmental Activities (Exhibit A) \$ 19,444,916

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Year Ended June 30, 2025

Exhibit E

	<u>General Fund</u>	<u>Special Revenue Fund 1965 Sales Tax Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
Sales Taxes	\$ 3,810,424	\$ 3,810,424	\$ -	\$ 7,620,848
Property Taxes	483,842	-	741,471	1,225,313
Franchise Taxes	333,796	-	-	333,796
Grant Revenues	2,353,561	-	-	2,353,561
Licenses and Permits	696,596	-	-	696,596
Sanitation Service Fees	1,177,615	-	-	1,177,615
Fines and Forfeitures	189,160	-	-	189,160
Other Revenues	717,593	-	-	717,593
Interest Income	307,705	95,955	26,413	430,073
Total Revenues	<u>10,070,292</u>	<u>3,906,379</u>	<u>767,884</u>	<u>14,744,555</u>
Expenditures:				
Current:				
General Government	1,997,123	24,768	-	2,021,891
Public Safety	7,986,880	-	312,236	8,299,116
Public Works	3,811,113	-	-	3,811,113
Cemetery	45,967	-	-	45,967
Culture and Recreation	693,291	-	-	693,291
Community Development	18,879	-	-	18,879
Public Transportation	29,076	-	-	29,076
Miscellaneous Programs	120,986	-	-	120,986
Debt Service	235,085	-	-	235,085
Total Expenditures	<u>14,938,400</u>	<u>24,768</u>	<u>312,236</u>	<u>15,275,404</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,868,108)	3,881,611	455,648	(530,849)
Other Financing Sources (Uses):				
Sale of Capital Assets	50,603	-	-	50,603
Transfers In	5,570,003	-	-	5,570,003
Transfers Out	-	(4,994,210)	(575,793)	(5,570,003)
Total Other Financing Sources (Uses)	<u>5,620,606</u>	<u>(4,994,210)</u>	<u>(575,793)</u>	<u>50,603</u>
Change in Fund Balances	752,498	(1,112,599)	(120,145)	(480,246)
Fund Balance - Beginning of the Year	<u>5,009,737</u>	<u>3,723,317</u>	<u>644,136</u>	<u>9,377,190</u>
Fund Balance - End of the Year	<u>\$ 5,762,235</u>	<u>\$ 2,610,718</u>	<u>\$ 523,991</u>	<u>\$ 8,896,944</u>

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of the Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2025

Exhibit F

Net Change in Fund Balances - Total Governmental Funds (Exhibit E) \$ (480,246)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation charged in the current period exceeded capital outlay.

Capital Outlay	3,579,763
Depreciation Expense	(991,617)
Right of Use Asset	-
Amortization Expense	(198,119)

Governmental funds expense accrued compensated absences when paid. In the statement of activities, only the portion applicable to the current year is expensed with the remaining amounts recorded in the statement of net position as accrued compensated absences. 119,140

In the statement of activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed of. (2,587)

In accordance with GASB Statement No. 68, the net pension liability related to pension plans is not required to be recorded in the governmental fund financial statements. Adjustments to pension expense related to changes in deferred outflows of resources and deferred inflows of resources are reflected in the statement of activities. (415,799)

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related to pension plans is not required to be recorded in the governmental fund financial statements. Adjustments to revenue from non-employer contributions related to changes in deferred outflows of resources and deferred inflows of resources are reflected in the statement of activities. 280,584

The issuance of long-term debt (e.g. leases) provides current financial resources to governmental funds and increases long-term liabilities in the statement of net position. Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Payment of Long-Term Debt	206,793
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Change in Net Position of Governmental Activities (Exhibit B) **\$ 2,097,912**

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
Statements of Net Position – Proprietary Funds
June 30, 2025 and 2024

Exhibit G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2025	2024
	Assets			
Current Assets:				
Cash and Cash Equivalents	\$ 270,505	\$ 254,432	\$ 524,937	\$ 327,112
Investments	93,160	118,548	211,708	202,294
Utility Accounts Receivable, Net	78,338	63,912	142,250	140,066
Capital Grant Receivable	1,734,603	-	1,734,603	-
Due from Other Funds	-	-	-	528,536
Total Current Assets	2,176,606	436,892	2,613,498	1,198,008
Non-Current Assets:				
Restricted Assets:				
Cash and Cash Equivalents:				
Water Fund - Meter Deposits	-	116,180	116,180	163,023
Investments:				
Water Fund - Meter Deposits	-	254,899	254,899	243,166
Total Restricted Assets	-	371,079	371,079	406,189
Capital Assets:				
Property, Plant, and Equipment, at Cost	14,510,091	7,001,567	21,511,658	21,371,533
Less: Accumulated Depreciation	(8,081,871)	(3,168,696)	(11,250,567)	(10,627,427)
Land	3,170	221,593	224,763	224,763
Construction in Progress	5,558,247	-	5,558,247	492,563
Total Capital Assets	11,989,637	4,054,464	16,044,101	11,461,432
Total Assets	\$ 14,166,243	\$ 4,862,435	\$ 19,028,678	\$ 13,065,629
Deferred Outflows of Resources				
Differences Between Expected and Actual Experience	\$ 519	\$ 1,295	\$ 1,814	\$ 3,380
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,966	4,907	6,873	30,513
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	2,324	5,801	8,125	10,342
City Contributions Subsequent to the Measurement Date	13,705	34,204	47,909	42,270
Total Deferred Outflows of Resources	\$ 18,514	\$ 46,207	\$ 64,721	\$ 86,505

(Continued)

City of Ponchatoula, Louisiana
Statements of Net Position – Proprietary Funds (Continued)
June 30, 2025 and 2024

Exhibit G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2025	2024
	Liabilities:			
Current Liabilities (Payable from Current Assets):				
Contractor Payable	\$ 2,539,184	\$ -	\$ 2,539,184	\$ -
Retainage Payable	236,019	-	236,019	-
Accrued Liabilities	2,153	14,852	17,005	16,409
Due to Other Funds	234,526	35,616	270,142	-
Total Current Liabilities (Payable from Current Assets)	3,011,882	50,468	3,062,350	16,409
Current Liabilities (Payable from Restricted Assets):				
Member Deposits	-	420,066	420,066	404,126
Total Current Liabilities (Payable from Restricted Assets)	-	420,066	420,066	404,126
Net Pension Liability	54,629	136,345	190,974	235,229
Total Liabilities	\$ 3,066,511	\$ 606,879	\$ 3,673,390	\$ 655,764
Deferred Inflows of Resources				
Differences Between Expected and Actual Experience	\$ 447	\$ 1,115	\$ 1,562	\$ 83
Changes in Assumptions	2,034	5,075	7,109	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	12	30	42	3,566
Total Deferred Inflows of Resources	\$ 2,493	\$ 6,220	\$ 8,713	\$ 3,649
Net Position				
Net Investment in Capital Assets Unrestricted	\$ 11,989,637	\$ 4,054,464	\$ 16,044,101	\$ 11,461,432
	(873,884)	241,079	(632,805)	1,031,289
Total Net Position	\$ 11,115,753	\$ 4,295,543	\$ 15,411,296	\$ 12,492,721

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana

Exhibit H

Statements of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
For the Years Ended June 30, 2025 and 2024

	Business-Type Activities -		Total	
	Enterprise Funds		(Memorandum Only)	
	Sewer	Water	2025	2024
Operating Revenues:				
Charges for Services	\$ 1,084,668	\$ 671,285	\$ 1,755,953	\$ 1,936,525
Total Operating Revenues	<u>1,084,668</u>	<u>671,285</u>	<u>1,755,953</u>	<u>1,936,525</u>
Operating Expenses:				
Depreciation and Amortization	482,320	164,143	646,463	660,025
Salaries and Employee Benefits	152,244	367,651	519,895	474,437
Repairs and Maintenance	138,241	166,939	305,180	546,312
Utilities and Telephone	456,178	78,407	534,585	390,889
Supplies	29,659	91,963	121,622	127,039
Professional Fees	11,816	89,142	100,958	79,564
Environmental Testing	43,219	22,447	65,666	76,720
Insurance	19,625	15,837	35,462	47,088
Vehicle Expense	10,512	108	10,620	17,642
Miscellaneous	1,884	2,992	4,876	12,438
Total Operating Expenses	<u>1,345,698</u>	<u>999,629</u>	<u>2,345,327</u>	<u>2,432,154</u>
Operating Income (Loss)	(261,030)	(328,344)	(589,374)	(495,629)
Non-Operating Revenues / (Expenses):				
Capital Grant Revenue	3,482,983	-	3,482,983	-
Investment Income	5,660	43,575	49,235	78,975
Sale of Property	-	-	-	1,710
Revenue from Non-Employer Contributions	3,181	7,939	11,120	9,344
Total Non-Operating Revenues / (Expenses)	<u>3,491,824</u>	<u>51,514</u>	<u>3,543,338</u>	<u>90,029</u>
Change in Net Position	3,230,794	(276,830)	2,953,964	(405,600)
Net Position:				
Beginning of the Year, Original	7,884,959	4,607,762	12,492,721	12,690,530
Prior Period Adjustment	-	(35,389)	(35,389)	207,791
Beginning of the Year, Restated	<u>7,884,959</u>	<u>4,572,373</u>	<u>12,457,332</u>	<u>12,898,321</u>
End of the Year	<u>\$ 11,115,753</u>	<u>\$ 4,295,543</u>	<u>\$ 15,411,296</u>	<u>\$ 12,492,721</u>

The accompanying notes are an integral part of these financial statements.

City of Ponchatoula, Louisiana
Statements of Cash Flows – Proprietary Funds
For the Years Ended June 30, 2025 and 2024

Exhibit I

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2025	2024
Cash Flows from Operating Activities:				
Receipts from Customers and Users	\$ 1,088,999	\$ 680,710	\$ 1,769,709	\$ 1,973,898
Payments to Suppliers	(711,134)	(467,835)	(1,178,969)	(1,297,692)
Payments to Employees	(194,233)	(331,353)	(525,586)	(457,865)
Net Cash Provided by (Used in) Operating Activities	<u>183,632</u>	<u>(118,478)</u>	<u>65,154</u>	<u>218,341</u>
Cash Flows From Noncapital Financing Activities:				
Interfund Transfers and Borrowings	706,983	91,695	798,678	(195,082)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>706,983</u>	<u>91,695</u>	<u>798,678</u>	<u>(195,082)</u>
Cash Flows From Capital and Related Financing Activities:				
Construction of Capital Assets	(2,453,929)	-	(2,453,929)	(373,921)
Capital Grants	1,748,380	-	1,748,380	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(705,549)</u>	<u>-</u>	<u>(705,549)</u>	<u>(373,921)</u>
Cash Flows From Investing Activities:				
Interest Earned on Investments	5,660	43,575	49,235	78,975
Sale of Assets	-	-	-	1,710
Sale (Purchase) of Investments, Net	(4,288)	(16,859)	(21,147)	(22,843)
Net Cash Provided by (Used in) Investing Activities	<u>1,372</u>	<u>26,716</u>	<u>28,088</u>	<u>57,842</u>
Net Increase (Decrease) in Cash	<u>186,438</u>	<u>(67)</u>	<u>186,371</u>	<u>(292,820)</u>
Cash and Cash Equivalents - Beginning of the Year, Originally Stated	84,067	406,068	490,135	782,955
Prior Period Adjustment to Cash	<u>-</u>	<u>(35,389)</u>	<u>(35,389)</u>	<u>-</u>
Cash and Cash Equivalents - Beginning of the Year, Restated	<u>84,067</u>	<u>370,679</u>	<u>454,746</u>	<u>782,955</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 270,505</u>	<u>\$ 370,612</u>	<u>\$ 641,117</u>	<u>\$ 490,135</u>
Reconciliation of Cash Accounts:				
Unrestricted Cash and Cash Equivalents	\$ 270,505	\$ 254,432	\$ 524,937	\$ 327,112
Restricted Cash and Cash Equivalents	<u>-</u>	<u>116,180</u>	<u>116,180</u>	<u>163,023</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 270,505</u>	<u>\$ 370,612</u>	<u>\$ 641,117</u>	<u>\$ 490,135</u>

City of Ponchatoula, Louisiana
Statements of Cash Flows – Proprietary Funds (Continued)
For the Years Ended June 30, 2025 and 2024

Exhibit I

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2025	2024
	Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (261,030)	\$ (328,344)	\$ (589,374)	\$ (495,629)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) in Operating Activities:				
Depreciation and Amortization	482,320	164,143	646,463	660,025
Pension Expense Adjustments for Net Pension Liability Calculation	(33,585)	27,298	(6,287)	6,072
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable, Net	4,331	(6,515)	(2,184)	20,510
Increase (Decrease) in Accrued Liabilities	(8,404)	9,000	596	1,600
Increase (Decrease) in Meter Deposits	-	15,940	15,940	25,763
Net Cash Provided By (Used In) Operating Activities	\$ 183,632	\$ (118,478)	\$ 65,154	\$ 218,341
Supplemental Disclosure of Cash Flow Information:				
Interest Paid	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

City of Ponchatoula, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

Narrative Profile

The City of Ponchatoula, Louisiana (the “City”) was incorporated on February 12, 1861. Upon the City's acceptance of the provisions of Act 136 enacted on July 29, 1898, it became governed under the Lawrason Act. The City operates under a Mayor-City Council form of government. The Mayor is elected for a four-year term. The City Council consists of five council members, each elected from a separate district in the City and each serving a four-year term of office. The Mayor and each member of the City Council are compensated for their service to the City. The City is located north of New Orleans, Louisiana, and east of Baton Rouge, Louisiana, at the intersections of Interstate Highway 55 and Interstate Highway 12 and has a population, according to the most recent census taken in 2020, of 7,822. The City currently services approximately 2,800 commercial and residential sewer and water utility customers in addition to providing the following services: public safety (police and fire), streets, drainage, sanitation, culture / recreation, public improvements, planning and zoning, and general and administrative services. The City presently maintains approximately 44 miles of roads and streets.

The accounting and reporting policies of the City conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute (LRS) 24:513 and to the guidance set forth in the *Louisiana Governmental Audit Guide* and the industry audit guide, *Audits of State and Local Governmental Units*.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City’s basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City’s reporting entity, as set forth in Section 2100 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in its own name).
- The City holds the corporate powers of the organization.
- The City appoints a voting majority of the organization’s board.
- The City can impose its will on the organization.
- The organization has the potential to impose a financial benefit / burden on the City.
- There is a fiscal dependency by the organization on the City.

Based on these criteria, the City has no component units.

B. Basic Financial Statements – Government-Wide Financial Statements

The City’s basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City’s public safety (police & fire), streets, drainage, sanitation, culture & recreation, public improvements, planning & zoning, and general & administrative services are classified as governmental activities. The City’s water and sewer utility services are classified as business-type activities.

Statement of Net Position – 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 City’s net position is reported in three parts – net investment in capital

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

assets, restricted, and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

Statement of Activities – The government-wide statement of activities reports both the gross and net cost of each of the City’s functions and business-type activities. The functions are also supported by general revenues (property, sales & use taxes, intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reports capital-specific grants and contributions. The net costs (by function or business-type activity) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

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

C. Basic Financial Statements – Fund Financial Statements

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. The non-major funds are combined into a single column in the fund financial statements. GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures / expenses of either fund category or the governmental and business-type combined) for the determination of major funds.

Governmental Funds – The focus of the governmental funds’ measurement (in the fund statements) is the determination of and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The City reports these governmental funds and fund types:

General Fund – The General Fund is the general operating fund of the City. This fund is used to account for and report all financial transactions and resources except for those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service or capital projects) that are restricted or committed to expenditure for specified purposes. The 1965 Sales Tax Fund is a major fund. The Firemen Pay Millage Fund, Policemen Pay Millage Fund, Equipment Millage Fund, and Mausoleum Trust Fund are non-major funds.

Permanent Fund – Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City’s programs. The Cemetery Endowment Fund is a non-major fund for reporting purposes.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Proprietary Funds – Proprietary Funds are used to account for activities that are like those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business-type activities are accounted for through proprietary funds. The measurement focus is on the determination of net income, financial position, and cash flows. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation.

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. The City's Water Enterprise Fund and Sewer Enterprise Fund account for the operations of providing water services and sewer services, respectively.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds, including General, Special Revenue, and Permanent Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds' statements. Capital assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balances.

The government-wide statement of net position and statement of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the balance sheet or on the statement of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The fund financial statements of the General, Special Revenue, and Permanent Funds are maintained and reported on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within 45 days of the fiscal year-end. Levies made prior to the fiscal year-end, but which are not available are deferred. Interest income is recorded as earned. Federal and state reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

The statement of net position, the statement of activities, and financial statements of the proprietary funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

E. Budgets and Budgetary Accounting

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual budgets of state and local governments and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their budgets over the

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

course of the year for a variety of reasons. The City's original budget is shown along with the comparison of the final budget and actual results.

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

- The Mayor, with the assistance of the Finance Manager, prepares a proposed budget and submits this budget to the City Council no later than fifteen days prior to the beginning of each fiscal year. The proposed budget for the year ended June 30, 2025, was introduced to the City Council on May 13, 2024.
- A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. A public hearing was held on the proposed budget for the year ended June 30, 2025, on June 10, 2024.
- After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The proposed budget for the year ended June 30, 2025, was adopted on June 10, 2024.
- 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 the approval of the City Council. The budget for the year ended June 30, 2025, was amended on June 9, 2025.
- Budgets for the General and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
- The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the actual amounts with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules for the General Fund and 1965 Sales Tax Fund present actual expenditures in accordance with accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets, as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

F. Cash, Cash Equivalents, and Investments

The City's cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the City may also invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair value using published market values.

For purposes of the statement of cash flows, liquid investments of the proprietary funds with a maturity of three months or less are considered to be cash equivalents.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

G. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

H. Short-Term Interfund Receivables / Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from / due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables / payables. Interfund receivables / payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

I. Inventory

The City utilizes the “purchase method” of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The City did not record any inventory at June 30, 2025, as the amount is immaterial.

J. Capital Assets

Capital outlays are recorded as expenditures of the General and Special Revenue Funds and as assets in the government-wide financial statements, to the extent the City's capitalization threshold is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980. Although an exception exists for local governments with annual revenues of less than \$10 million, the City has elected to report its infrastructure retroactively.

Capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Infrastructure is capitalized by estimate using current replacement cost for a similar asset and deflating this cost by using price indices to the acquisition year. The City does not capitalize historical treasures or works of art. The City maintains many items and buildings of historical significance. The City does not require that the proceeds from the sale of historical treasures or works of art be used to acquire other items for the collection.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts, and any resulting gain or loss is included in the results of operations.

K. Long-Term Obligations

In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

L. Compensated Absences

The City's policy is to allow employees vacation pay based on employee classification and length of service. Vacation pay is not cumulative from year to year, unless written permission is granted by the employee's supervisor. Any unpaid vacation is paid to employees upon separation from the City's service. Sick leave is provided for by the City and is cumulative and the employee's right to unused sick leave does not vest. Sick leave and vacation leave have been accrued in accordance with GASB Statement No. 101, *Compensated Absences*. The cost of compensated absences is reported on the government-wide financial statements.

M. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's three pension plans and additions to / deductions from the plans' fiduciary net position have been determined on the accrual basis, which is the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Fund Balance

Governmental fund equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable – This classification includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

The City's fund balance in the Cemetery Endowment Permanent Fund is considered to be nonspendable.

2. Restricted – This classification includes amounts in which the use of financial resources is constrained either by (a) external impositions by creditors, grantors, contributors, or laws or regulations of other governments or (b) impositions by law through constitutional provisions or by enabling legislation.

The City has classified the following items as Restricted Fund Balance at year-end:

- The Fireman Pay Millage Fund, the Policeman Pay Millage Fund, and the Equipment Millage Fund are funds that are restricted as a result of various property tax millages authorized by the City's taxpayers.
- The 1965 1% Sales Tax Fund is restricted in accordance with the provisions of a tax authorized by taxpayers on April 10, 1965.
- The Mausoleum Trust Fund is restricted in accordance with Chapter 26 of the City's Code of Ordinances.

3. Committed – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, the City's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were first committed. This classification also includes contractual

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The City does not have any Committed Fund Balances at year-end.

4. Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the City Council itself or a committee or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes, typically either the Mayor or the Finance Manager. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

The General Fund has \$2,675,618 of fund balance classified as Assigned Fund Balance at year-end for the purpose of providing local matching funds for the City's Water Sector Project.

5. Unassigned Fund Balance – This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The City's General Fund is considered to be Unassigned Fund Balance at year-end.

When fund balance resources are available for a specific purpose in multiple classifications, the City will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the City's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classifications of funds.

O. Net Position

In the government-wide and proprietary fund statements, equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – this component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

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

P. Interfund Transactions

Permanent re-allocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Q. Sales and Use Taxes

Sales taxes are collected by the Tangipahoa Parish School Board and remitted to the City in the month following receipt by the Tangipahoa Parish School Board.

- The 1965 1% sales and use tax passed by the voters is to be used for extending, acquiring, maintaining, constructing, and improving drainage, streets, sidewalks, public buildings, fire department stations and equipment, and maintaining and operating garbage collection facilities. There is no expiration date on this tax.
- The 1982 1% sales and use tax passed by the voters is to be used for extending, acquiring, maintaining, constructing, and improving sewers and sewer facilities, waterworks facilities, drainage and drain facilities, and for any other lawful corporate purpose of the City. There is no expiration date on this tax.

R. Adopted Accounting Pronouncements

The GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The City adopted the provisions of GASB Statement No. 101 during 2025. Beginning net position has been restated as a result of the adoption of this standard.

The GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The City adopted the provisions of GASB Statement No. 102 during 2025. The implementation of this standard had no impact on the City's financial statements as of June 30, 2025.

S. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at year-end. The Louisiana Local Government Budget Act requires a local government to amend its operating budget when total revenues and other sources fail to meet total budgeted revenues and other sources by 5% or more and when total expenditures and other uses exceed total budgeted expenditures and other uses by 5% or more. The City failed to amend the budget for the 1965 1% Sales Tax Fund by an adequate amount for the year ended June 30, 2025.

The 1965 1% Sales Tax Fund had an excess of expenditures over appropriations for the year ended June 30, 2025.

B. Deposits, Investment Laws, and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3, regarding cash and cash equivalents, and Note 4, regarding investments, the City complied with the deposit and investment laws and regulations.

C. Deficit Fund Equity

As of June 30, 2025, no City funds had deficit fund balances.

3. Cash and Cash Equivalents

At June 30, 2025, the City had \$6,060,709 (book balance) in interest-bearing demand deposits as follows: cash and cash equivalents of \$5,944,529 and restricted cash and cash equivalents of \$116,180. These deposits are stated at cost, which approximates market.

Under state law, deposits must be secured by federal deposit insurance or pledges of securities owned by the fiscal agent. The market value of the securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent. The custodial bank must advertise and sell the securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2025, \$6,055,266 of the City's bank balance of \$6,305,266 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank. These securities are being held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to the City and the fiscal agent bank.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

4. Investments

At June 30, 2025, the City had investments that include \$2,465,362 invested in the Louisiana Asset Management Pool (LAMP), a local government investment pool, and \$466,346 in other investments. The following table provides information on the credit ratings, maturity dates, and fair values associated with the City's investments at June 30, 2025:

Investment	Rating	Fair Value	Percentage
US Treasuries	N/A	\$ 347,436	11.85%
Certificates of Deposit	N/A	107,356	3.66%
Cash	N/A	11,554	0.39%
LAMP	AAA/Aaa/AAA	2,465,362	84.09%
		<u>\$ 2,931,708</u>	<u>100.00%</u>

Interest Rate Risk – Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Of the City's investments, \$454,792 have maturities of one to five years.

Credit Quality Risk – Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the City.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the City's name. The City has a formal investment policy regarding investment credit risk, and the investments of the City owned at June 30, 2025 were not subject to custodial credit risk.

Concentration of Credit Risk – The City has a formal limit on the amount the City may invest in any one issuer. It is the policy of the City to diversify its investment portfolio. Assets shall be diversified to reduce the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Issuers comprising 5% or more of the City's investments at June 30, 2025 were LAMP at 84%.

Louisiana Asset Management Pool (LAMP) – State law limits the City's investments to direct U.S. Treasury obligations; bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies; bonds, debentures, notes or other evidence of indebtedness issued by the State of Louisiana or any of its political subdivisions; direct security repurchase agreements; fully collateralized time certificates of deposit of any bank domiciled in the State of Louisiana; mutual or trust fund institutions which are registered with the Securities and Exchange Commission (SEC) and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies; guaranteed investment contracts, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record; and LAMP.

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 LRS 33:2955.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

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, *Certain External Investment Pools and Pool Participants*. The following facts are relevant for investment pools.

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% 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 55 days as of June 30, 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.

5. Fair Value

The City categorized its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States. The hierarchy is based on the valuation inputs to measure the fair value of the asset and is as follows:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment’s risk.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

At June 30, 2024, the City's investment in cash with a fair market value of \$11,554 and US Treasuries of \$347,436 are categorized at Level 1. The City's certificates of deposits with a fair market value of \$107,356 are categorized at Level 2. The City's \$2,465,362 investment in LAMP are categorized as an investment measured at net asset value.

6. Accounts Receivable

Accounts receivable as of June 30, 2025, consist of the following:

	<u>Governmental Funds</u>		<u>Proprietary Funds</u>	
	<u>General Fund</u>	1965 Sales <u>Tax Fund</u>	<u>Sewer</u>	<u>Water</u>
Utility Receivable	\$ 112,909	\$ -	\$ 85,998	\$ 72,765
Less: Allowance for Doubtful Accounts	(11,660)	-	(7,660)	(8,853)
Utility Receivable, Net	<u>101,249</u>	-	<u>78,338</u>	<u>63,912</u>
Capital Grant Receivable	-	-	1,734,603	-
Sales Tax Receivable	640,330	640,330	-	-
Franchise Tax Receivables	75,817	-	-	-
Other Receivables	135,133	-	-	-
Total Receivables, Net	<u>\$ 952,529</u>	<u>\$ 640,330</u>	<u>\$ 1,812,941</u>	<u>\$ 63,912</u>

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

7. Capital Assets

The following is a summary of capital assets for governmental activities for the year ended June 30, 2025:

	Balance 06/30/24 <u>(Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance 06/30/25
Capital Assets Not Depreciated:					
Land	\$ 607,979	\$ -	\$ -	\$ 1,608,609	\$ 2,216,588
Construction in Progress	<u>2,938,139</u>	<u>2,905,191</u>	<u>-</u>	<u>(1,675,824)</u>	<u>4,167,506</u>
Total Capital Assets Not Depreciated	3,546,118	2,905,191	-	(67,215)	6,384,094
Capital Assets Depreciated:					
Building Official	90,326	988	-	-	91,314
City Hall	1,795,303	3,598	(4,575)	-	1,794,326
Civil Service	959	-	-	-	959
Community Center	1,360,677	-	-	-	1,360,677
DDD	8,178	-	-	-	8,178
Executive (Mayor)	16,671	2,296	-	-	18,967
Fire	1,159,381	60,417	-	-	1,219,798
Hickory Park	870,667	17,000	-	-	887,667
Industrial Park	427,449	5,125	-	-	432,574
Judicial	38,572	-	(23,293)	54,393	69,672
Main Street Program	1,275	-	(1,275)	-	-
Miscellaneous Programs	74,408	-	-	-	74,408
Museum	206,365	-	-	-	206,365
Parks	840,164	53,065	-	-	893,229
Police	3,186,275	412,235	(123,032)	-	3,475,478
Public Works	101,221	-	-	-	101,221
Resource Center	179,656	-	-	-	179,656
Building - Sanitation	75,968	-	-	-	75,968
Streets and Roadways	4,014,353	119,848	(53,300)	12,822	4,093,723
Transportation	4,456	-	-	-	4,456
Youth Alliance	2,288	-	-	-	2,288
Infrastructure	<u>11,171,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,171,082</u>
Total Capital Assets Depreciated	25,625,694	674,572	(205,475)	67,215	26,162,006

(Continued on Next Page)

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

	Balance 06/30/24 (Restated)	Increases	Decreases	Transfers	Balance 06/30/25
(Continued from Previous Page)					
Less Accumulated Depreciation:					
Building Official	49,398	10,366	-	-	59,764
City Hall	1,281,594	88,598	(1,988)	-	1,368,204
Civil Service	179	192	-	-	371
Community Center	1,167,089	16,813	-	-	1,183,902
DDD	2,407	675	-	-	3,082
Executive (Mayor)	16,670	292	-	-	16,962
Fire	679,446	62,154	-	-	741,600
Hickory Park	316,050	60,282	-	-	376,332
Industrial Park	329,775	10,953	-	-	340,728
Judicial	37,661	4,339	(23,293)	-	18,707
Main Street Program	1,275	-	(1,275)	-	-
Miscellaneous Programs	58,429	2,637	-	-	61,066
Museum	17,746	11,797	-	-	29,543
Parks	489,230	39,444	-	-	528,674
Police	1,415,813	202,154	(123,032)	-	1,494,935
Public Works	70,314	2,383	-	-	72,697
Resource Center	5,837	4,893	-	-	10,730
Building - Sanitation	44,161	1,900	-	-	46,061
Streets and Roadways	2,033,838	225,929	(53,300)	-	2,206,467
Transportation	947	223	-	-	1,170
Youth Alliance	2,287	-	-	-	2,287
Infrastructure	8,416,471	245,593	-	-	8,662,064
Total Accumulated Depreciation	<u>16,436,617</u>	<u>991,617</u>	<u>(202,888)</u>	<u>-</u>	<u>17,225,346</u>
Net Capital Assets Depreciated	<u>9,189,077</u>	<u>(317,045)</u>	<u>(2,587)</u>	<u>67,215</u>	<u>8,936,660</u>
Net Governmental Capital Assets	<u>\$ 12,735,195</u>	<u>\$ 2,588,146</u>	<u>\$ (2,587)</u>	<u>\$ -</u>	<u>\$ 15,320,754</u>

Property, plant, and equipment are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives as follows:

Water and Sewer Plant	50	Years
Buildings	40	Years
Equipment	3 - 20	Years
Infrastructure	25	Years

Depreciation was charged to governmental functions as follows:

General Government	\$ 103,787
Public Safety	264,308
Public Works	480,698
Culture and Recreation	56,257
Community Development	10,953
Public Transportation	61,180
Miscellaneous Programs	14,434
Total	<u>\$ 991,617</u>

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

The following is a summary of capital assets for business-type activities for the year ended June 30, 2025:

	Balance 06/30/24	Increases	Decreases	Transfers	Balance 06/30/25
Capital Assets Not Depreciated:					
Land	\$ 224,763	-	\$ -	\$ -	\$ 224,763
Construction in Progress	492,563	5,065,684	-	-	5,558,247
Total Capital Assets Not Depreciated	717,326	5,065,684	-	-	5,783,010
Other Capital Assets:					
Sewer Utility	10,664,248	163,448	-	-	10,827,696
Wastewater Treatment	3,682,393	-	-	-	3,682,393
Water Utility	7,024,891	-	(23,323)	-	7,001,568
Total Other Capital Assets	21,371,532	163,448	(23,323)	-	21,511,657
Less: Accumulated Depreciation:					
Sewer Utility	5,628,104	389,736	-	-	6,017,840
Wastewater Treatment	1,971,447	92,584	-	-	2,064,031
Water Utility	3,027,876	164,143	(23,323)	-	3,168,696
Total Accumulated Depreciation	10,627,427	646,463	(23,323)	-	11,250,567
Total Other Capital Assets, Net	10,744,105	(483,015)	-	-	10,261,090
Total Business-Type Capital Assets, Net	\$ 11,461,431	\$ 4,582,669	\$ -	\$ -	\$ 16,044,100

8. Employee Pension Plans

A. Municipal Employees' Retirement System of Louisiana

General Information about the Pension Plan

Plan Description – Employees of the City are eligible for participation in the Municipal Employees' Retirement System of Louisiana (the "System") – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 356 of the 1954 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at www.mersla.com/annual-reports. The report may also be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809, or by calling (225) 925-4810.

Benefits Provided – The System provides retirement, disability, and death benefits. Retirement benefits are determined as 2.0% of the employee's monthly average final compensation multiplied by the employee's years of creditable service. Employees with 30 years of service are eligible to retire at any age. Employees with a minimum of 10 years of service are eligible to retire at age 60. Employees are eligible for disability benefits with 10 years of creditable service, are not eligible for normal retirement, and have been officially certified as disabled by the State Medical Disability Board. Survivor's benefits are available upon the death of a member who has credit for five or more years of service who is not eligible for normal retirement benefits. Under state law, cost of living increases to benefits are allowable only if sufficient

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

funds are available from investment income in excess of normal requirements. Cost of living increases cannot exceed 2% of the retiree’s original benefit for each full calendar year since retirement.

Contributions – Per Act 788 of the 1978 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System’s Board of Trustees. Employees are required to contribute 5.00% of their annual pay. The City’s contractually required contribution rate for the year ended June 30, 2025, was 14.00% of annual payroll. Contributions to the System from the City were \$258,813 for the year ended June 30, 2025.

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

At June 30, 2025, the City reported a liability of \$1,138,105 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s June 30, 2025 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City’s proportion was 1.875668%, which was an increase of 0.036458% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense of (\$84,638). At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 10,806	\$ 9,309
Changes of Assumptions	-	42,366
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	40,962	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	48,420	251
City Contributions Subsequent to the Measurement Date	285,513	-
	\$ 385,701	\$ 51,926

\$20,497 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:			
June 30, 2025	\$	23,748	
June 30, 2026		84,398	
June 30, 2027		(33,948)	
June 30, 2028		(25,681)	

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Actuarial Assumptions – The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date - June 30, 2024

Actuarial Cost Method - Entry age normal

Expected remaining service lives - 3 Years

Investment rate of return - 6.85%, net of pension plan investment expense, including inflation

Inflation - 2.50%

Salary increased, including inflation and merit increases:

- 1 to 2 years of service - 9.50%

- More than 2 years of service - 4.60%

Annuitant and beneficiary mortality:

PubG-2010(B) Healthy Retiree Table set equal to 115% for males and females, each adjusted using their respective male and female MP2021 scales.

Employee mortality:

PubG-2010(B) Employee Table set equal to 115% for males and females, each adjusted using their respective male and female MP2021 scales.

Disabled lives mortality:

PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% for females with the full generational MP2021 scale.

The mortality rate assumption used was verified by combining data from the System with three other statewide plans, which have similar workforce compositions in order to produce a credible experience. The aggregated data was collected over the period July 1, 2013 to June 30, 2018. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing / diversification. The resulting expected long-term rate of return was 6.85% for the year ended June 30, 2024.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.00%	2.44%
Public Fixed Income	29.00%	1.26%
Alternatives	15.00%	0.65%
Totals	<u>100.00%</u>	<u>4.35%</u>
Inflation		2.50%
Expected Arithmetic Nominal Return		6.85%

Discount Rate – The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems’ Actuarial Committee (“PR SAC”) 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 City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.85%) or one percentage-point higher (7.85%) than the current rate:

	1.0% Decrease (5.85%)	Current Discount Rate (6.85%)	1.0% Increase (7.85%)
City's Proportionate Share of the Net Pension Liability	\$ 1,767,216	\$ 1,138,105	\$ 606,403

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued System financial report.

Payables to the Pension Plan – As of June 30, 2025, the City owed \$27,112 to the System for the City’s June 2025 payroll.

B. Firefighters’ Retirement System of Louisiana

General Information about the Pension Plan

Plan Description – Employees of the City are eligible for participation in the Firefighters’ Retirement System of Louisiana (the “Fire System”) – a cost-sharing, multiple-employer defined benefit pension plan

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

administered by a Board of Trustees and established by Act 434 of the 1979 Regular Session of the Louisiana Legislature. The Fire System issues a publicly available financial report that can be obtained at www.lafirefightersret.com/finance.html. That report may also be obtained by writing to the Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, LA 70809, or by calling (225) 925-4060.

Benefits Provided – The Fire System provides retirement, disability, and death benefits. Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees are eligible for disability benefits if totally disabled from injury received in the line of duty. Employees who are disabled or incapacitated, but not in the line of duty, are eligible for disability benefits with 5 years of service. Cost of living increases are not provided.

Contributions – Per Act 434 of the 1979 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year. Employees are required to contribute 10.00% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2025, was 33.25% of annual payroll. Contributions to the Fire System from the City were \$364,508 for the year ended June 30, 2025.

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

At June 30, 2025, the City reported a liability of \$1,742,649 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's June 30, 2025, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City's proportion was 0.309498%, which was an increase of 0.034612% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense of \$67,293. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 130,833	\$ 41,444
Changes of Assumptions	74,551	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	17,627	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	405,011	41,675
City Contributions Subsequent to the Measurement Date	364,508	-
	\$ 992,530	\$ 83,119

\$364,508 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

ended June 30, 2026 Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:		\$	
June 30, 2025			94,709
June 30, 2026			277,049
June 30, 2027			9,754
June 30, 2028			34,398
June 30, 2029			89,610
June 30, 2030			39,235

Actuarial Assumptions – The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date - June 30, 2024

Actuarial cost method - Entry age normal

Investment rate of return - 6.90% per annum (net of investment expenses, including inflation)

Expected remaining service lives - 7 years, closed period

Inflation - 2.50% per annum

Salary increases:

14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases

Cost-of-Living Adjustments (COLAs):

For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

For the June 30, 2024 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases, the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

The June 30, 2024, estimated long-term expected rate of return on pension plan investments was determined by the Fire System’s actuary using the Fire System’s target asset allocation as of January 2024 and the Curran Actuarial Consulting average study for 2024. The consultant’s average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from several investment consultants and investment management firms. Each consultant’s response included nominal expected long-term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the Fire System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The target asset allocation changed slightly from June 30, 2023 to June 30, 2024. These changes included a decrease to target weight in U.S. public equity, a decrease to emerging market equity, a decrease to U.S. Core fixed income, and an increase to multisector fixed income. The Fire System’s long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2024. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	30.00%	2.24%
Equity	54.00%	6.47%
Alternatives	16.00%	7.82%
Totals	100.00%	
Inflation		2.50%
Expected Arithmetic Nominal Return		6.90%

Discount Rate – The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fire System’s actuary. Based on those assumptions, the Fire 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 City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.90%) or one percentage-point higher (7.90%) than the current rate:

	1.0% Decrease (5.9%)	Current Discount Rate (6.9%)	1.0% Increase (7.9%)
City's Proportionate Share of the Net Pension Liability	\$ 2,893,163	\$ 1,742,649	\$ 783,010

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire System financial report.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Payables to the Pension Plan – As of June 30, 2025, the City owed \$35,599 to the Fire System for the City’s June 2025 payroll.

C. Municipal Police Employees’ Retirement System of Louisiana

General Information about the Pension Plan

Plan Description – Police officers of the City participate in the Municipal Police Employees’ Retirement System of Louisiana (the “Police System”) – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 189 of the 1973 Regular Session of the Louisiana Legislature. The Police System issues a publicly available financial report that can be obtained at www.lampers.org/auditreports.htm. The report may also be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, LA 70809-7601, or by calling (225) 99-7411.

Benefits Provided – The Police System provides retirement, disability, and death benefits.

For employees that became members of the Police System prior to January 1, 2013, retirement benefits are determined as 3 1/3% of the employee’s average final compensation based on the 36 consecutive months of highest pay multiplied by the employee’s years of creditable service, not to exceed 100% of final salary. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 20 years of service are eligible to retire at age 50. Employees with a minimum of 12 years of service are eligible to retire at age 55.

For employees that became members of the Police System after to January 1, 2013, retirement benefits are divided into two sub-plans – Hazardous Duty and Non-Hazardous Duty. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the Police 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 Police 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 Police System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under both plans, retirement benefits are determined as 3% (for Hazardous Duty members) and 2 ½% (Non-Hazardous Duty members) of the employee’s average final compensation based on the highest 60 consecutive months of pay multiplied by the employee’s years of creditable service, not to exceed 100% of final salary.

Cost of living increases cannot exceed 3% of the retiree’s current benefit. The Police System is authorized to provide an additional 2% cost of living increase, 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.

Contributions – Per Act 189 of the 1973 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the Police System’s Board of Trustees. Employees are required to contribute 10.00% of their annual pay. The City’s contractually required contribution rate for the year ended June 30, 2025, was 35.60% of annual payroll. Contributions to the Police System from the City were \$613,776 for the year ended June 30, 2025.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

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

At June 30, 2025, the City reported a liability of \$4,490,632 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's June 30, 2025, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City's proportion was 0.495657%, which was an increase of 0.051320% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense of \$426,928. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 243,135	\$ 135,843
Changes of Assumptions	-	-
Changes in Investments		
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	124,837	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	487,040	743
	<u>613,776</u>	<u>-</u>
City Contributions Subsequent to the Measurement Date	<u>\$ 1,468,788</u>	<u>\$ 136,586</u>

\$613,776 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	
June 30, 2025	\$ 281,428
June 30, 2026	559,343
June 30, 2027	(42,909)
June 30, 2028	(78,693)

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Actuarial Assumptions – The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date - June 30, 2024
Actuarial cost method - Entry age normal cost
Investment rate of return - 6.75%, net of investment expense
Expected remaining service lives - 4 years
Inflation - 2.50%

Salary increases, including inflation & merit	<u>Service Years</u>	<u>Growth Rate</u>
	1-2	12.30%
	Above 2	4.70%

Mortality

For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

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

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

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.

The mortality rate assumption used was set based upon an experience study for the period of July 1, 2014 through June 30, 2019. A change was made full generational mortality that combines the use of a base mortality table with appropriate mortality improvement scales. In 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 forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing / diversification. The resulting forecasted long-term rate of return is 7.86% for the year ended June 30, 2024.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Best estimates of the arithmetic rates of return for each major asset class included in the System’s target allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	52.00%	3.14%
Fixed Income	34.00%	1.07%
Alternatives	14.00%	1.03%
Total	100.00%	5.24%
Inflation		2.62%
Expected Arithmetic Nominal Return		7.86%

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems’ Actuarial Committee (“PRSAC”) taking into consideration the recommendation of the Police System’s actuary. Based on those assumptions, the Police 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 City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1.0% Decrease (5.75%)	Current Discount Rate (6.75%)	1.0% Increase (7.75%)
City's Proportionate Share of the Net Pension Liability	\$ 6,670,723	\$ 4,490,632	\$ 2,670,680

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued Police System financial report.

Payables to the Pension Plan – As of June 30, 2025, the City owed \$59,856 to the Police System for the City’s June 2025 payroll.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

9. Compensated Absences

At June 30, 2025, employees of the City have accumulated and vested \$272,927 of employee leave benefits, which was computed in accordance with GASB Statement No. 101. Of this amount, \$262,981 is recorded as an obligation of the General Fund and \$9,946 is recorded in the Enterprise Funds.

As of June 30, 2024, the City reported \$369,141 as total compensated absences. During the current year, this amount decreased by \$96,214 to arrive at the June 30, 2025 ending balance of \$272,927.

10. Right-of-Use Assets and Capital Leases

Right-of-use leased assets and accumulated amortization activity as of and for the year ended June 30, 2025, are as follows:

	<u>Balance</u> <u>06/30/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/25</u>
Right of Use Assets				
Equipment	\$ 459,024	\$ -	\$ -	\$ 459,024
Vehicles	<u>517,707</u>	<u>-</u>	<u>-</u>	<u>517,707</u>
Total Right of Use Assets	976,731	-	-	976,731
Less Accumulated Amortization:				
Equipment	359,569	91,805	-	451,374
Vehicles	<u>297,785</u>	<u>106,314</u>	<u>-</u>	<u>404,099</u>
Total Accumulated Depreciation	<u>657,354</u>	<u>198,119</u>	<u>-</u>	<u>855,473</u>
Net Right of Use Assets	<u>\$ 319,377</u>	<u>\$ (198,119)</u>	<u>\$ -</u>	<u>\$ 121,258</u>

The right-of-use assets are amortized on a straight-line basis over the economic useful life of the asset or life of the related lease, whichever is shorter. Amortization expense was charged to governmental activity functions as follows:

Public Safety	\$ 189,762
Public Works	<u>8,357</u>
Total	<u>\$ 198,119</u>

The following is a summary of the long-term lease liabilities of the city for the year ended June 30, 2025:

	<u>Balance</u> <u>06/30/24</u>	<u>Increase in</u> <u>Debt</u>	<u>Debt</u> <u>Retired</u>	<u>Balance</u> <u>06/30/25</u>
Capital Lease - Vehicles	\$ 222,667	\$ -	\$ 107,760	\$ 114,907
Capital Lease - Dispatch Console	<u>99,033</u>	<u>-</u>	<u>99,033</u>	<u>-</u>
Total	<u>\$ 321,700</u>	<u>\$ -</u>	<u>\$ 206,793</u>	<u>\$ 114,907</u>

On August 15, 2020, the City entered into a capital lease agreement at a fixed interest rate of 3.94% with Motorola Solutions, Inc. for the lease of a Motorola MCC7500 Dispatch Console, totaling \$459,024, with

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

accumulated amortization of \$451,374. The lease obligation is effective for a period of 60 months through August 2025. Annual payments of \$102,936 began in August 2020. Total payments during 2025 totaled \$99,034 of principal and \$3,902 of interest.

The City has entered into financing lease agreements for vehicles at interest rates between 4.00% and 6.87% with Enterprise FM Trust. The lease obligations are effective for various periods of time, but generally are for either three or five-year periods. Monthly payments of principal and interest per vehicle range from \$547 to \$929. Total payments for 2025 are \$115,501 (principal of \$107,760 and interest of \$7,741).

The annual requirements to amortize all debt outstanding for the primary government at June 30, 2025, including interest payments of \$11,643 are as follows:

Year Ended	Motorola MCC7500		Total
	Console	Vehicles	
June 30, 2026	\$ -	\$ 64,165	\$ 64,165
June 30, 2027	-	34,072	34,072
June 30, 2028	-	22,294	22,294
	-	120,531	120,531
Less: Interest Portion	-	5,624	5,624
Total	\$ -	\$ 114,907	\$ 114,907

11. Interfund Receivables / Payables

The primary purpose of interfund receivables / payables is to loan monies between funds to cover current expenditures. All interfund receivables / payables are considered short-term, and are expected to be repaid within the next year. Individual fund balances due from / to other funds at June 30, 2025, were as follows:

Fund	Account	Due From	Due To
General Fund	Due to Equipment Millage Fund	\$ -	\$ 1,149
General Fund	Due to Sewer Fund	234,525	-
General Fund	Due to Water Fund	35,617	-
Equipment Millage Fund	Due from General Fund	1,149	-
Sewer Enterprise Fund	Due from General Fund	-	234,526
Water Enterprise Fund	Due from General Fund	-	35,616
Total All Funds		\$ 271,291	\$ 271,291

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

12. Interfund Transfers

Operating transfers between funds consist primarily of sales tax and property tax revenues transferred out of the special revenue funds to the funds for which the sales tax and property tax revenues are to be used. The following is a summary of the operating transfers between funds during the fiscal year ended June 30, 2025:

<u>Fund</u>	<u>Account</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	Transfer from 1965 Sales Tax Fund	\$ 4,994,210	\$ -
General Fund	Transfer from Fire Millage Fund	136,761	-
General Fund	Transfer from Police Millage Fund	439,032	-
1965 Sales Tax Fund	Transfer to General Fund	-	4,994,210
Fireman Millage Fund	Transfer to General Fund	-	136,761
Policeman Millage Fund	Transfer to General Fund	-	439,032
Total All Funds		<u>\$ 5,570,003</u>	<u>\$ 5,570,003</u>

13. Ad Valorem Taxes

The 1974 Louisiana Constitution (Article 7, Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the Tangipahoa Parish Assessor on all property subject to taxation by the City except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the Tangipahoa Parish Assessor is subject to review and certification by the Louisiana Tax Commission. The Tangipahoa Parish Assessor is required to reappraise all property subject to taxation at intervals of not more than four years. The Tangipahoa Parish Sheriff bills and collects property taxes for the City using the assessed values determined by the Tangipahoa Parish Assessor.

Property tax rates were adopted by the City Council on September 9, 2024 and taxes were due on December 31, 2024. Taxes were considered delinquent on January 1, 2025.

For the year ended June 30, 2025, taxes of 16.52 mills were levied on property with taxable assessed valuations totaling \$74,175,618 and were dedicated as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Levied Taxes</u>	<u>Expiration Date</u>
General Fund	6.52	6.52	\$ 483,625	-
Policemen Pay Millage Fund	6.00	6.00	445,054	2029
Firemen Pay Millage Fund	2.00	2.00	148,351	2029
Equipment Millage Fund	2.00	2.00	148,351	2029
Totals	<u>16.52</u>	<u>16.52</u>	<u>\$ 1,225,381</u>	

Levied taxes differ from the taxes collected because of the collection of interest and prior year taxes, as well as the existence of current year levied taxes that were not collected as of the end of the fiscal year.

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

14. Reserved, Restricted, and Nonspendable Fund Balances / Net Position

The balances of the nonspendable, restricted, and assigned fund balance accounts of the City as of June 30, 2025, were as follows:

Nonspendable for Endowment Principal - Permanent Fund	\$ 67,496
Restricted for Mausoleum	34,292
Restricted for Dedicated Sales Tax Usage	2,610,718
Restricted for Firemen Pay	18,970
Restricted for Policemen Pay	8,875
Restricted for Safety Equipment	394,358
Assigned for Water Sector Project	<u>2,675,618</u>
Total	<u>\$ 5,810,327</u>

All of the above nonspendable and restricted fund balance amounts totaling \$3,134,709 are considered to be restricted net position on the Statement of Net Position as of June 30, 2025. The assigned fund balance amounts of \$2,675,618 are included in unrestricted net position on the Statement of Net Position as of June 30, 2025.

15. Restated Net Position

The beginning net position of Governmental Activities has been restated:

Net Position at June 30, 2024	\$ 17,456,680
Adjustment to Beginning Compensated Absences	(237,241)
Adjustment to Correct Prior Year Construction in Progress	<u>127,565</u>
Net Position at June 30, 2024, as Restated	<u>\$ 17,347,004</u>

This restatement of net position was necessary to adjust beginning net position as a result of the implementation of GASB Statement No. 101 as well as to correct the balance of the prior year construction in progress account in the government-wide financial statements. As a result of the above prior period adjustments, the Net Position for the year ended June 30, 2024, has been adjusted from \$17,456,680 to \$17,347,004, a difference of (\$109,676).

The beginning net position of the Water Enterprise Fund has been restated:

Net Position at June 30, 2024	\$ 4,607,762
Adjustment to Correct Prior Year Cash Balance	<u>(35,389)</u>
Net Position at June 30, 2024, as Restated	<u>\$ 4,572,373</u>

This restatement of net position was necessary to correct the cash balance in the Utility Deposit bank account as a result of prior year journal entries. As a result of the above prior period adjustments, the Net Position for the year ended June 30, 2024, has been adjusted from \$4,607,762 to \$4,572,373, a difference of (\$35,389).

City of Ponchatoula, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

16. Risk Management and Uncertainties

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City attempts to minimize risk from significant losses through the purchase of commercial insurance. The City had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

17. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 30, 2025, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Required Supplementary Information (Part II)

City of Ponchatoula, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Taxes:				
Sales Taxes	\$ 3,770,000	\$ 3,578,900	\$ 3,810,424	\$ 231,524
Property Taxes	684,600	684,600	483,842	(200,758)
Franchise Taxes	386,900	353,500	333,796	(19,704)
Grant Revenues	2,673,900	2,241,021	2,353,561	112,540
Licenses and Permits	659,500	733,600	696,596	(37,004)
Sanitation Service Fees	1,177,760	1,175,200	1,177,615	2,415
Fines and Forfeitures	146,900	193,100	189,160	(3,940)
Other Revenues	708,900	547,216	717,593	170,377
Interest Income	310,000	275,000	307,705	32,705
Total Revenues	<u>10,518,460</u>	<u>9,782,137</u>	<u>10,070,292</u>	<u>288,155</u>
Expenditures:				
Current:				
General Government	2,068,300	2,081,450	1,997,123	84,327
Public Safety	6,686,000	8,086,700	7,915,650	171,050
Public Works	5,816,860	3,929,655	3,786,116	143,539
Cemetery	119,900	47,300	45,967	1,333
Culture and Recreation	1,194,100	788,500	693,291	95,209
Community Development	11,400	17,100	18,879	(1,779)
Public Transportation	31,500	30,000	29,076	924
Miscellaneous Programs	160,300	131,000	120,986	10,014
Debt Service	183,100	-	331,312	(331,312)
Total Expenditures	<u>16,271,460</u>	<u>15,111,705</u>	<u>14,938,400</u>	<u>173,305</u>
Excess (Deficiency) of Revenues over Expenditures	(5,753,000)	(5,329,568)	(4,868,108)	461,460
Other Financing Sources (Uses):				
Transfers In	4,966,500	4,967,400	5,570,003	602,603
Transfers Out	(2,673,800)	-	-	-
Sale of Capital Assets	109,800	58,600	50,603	(7,997)
Total Other Financing Sources (Uses)	<u>2,402,500</u>	<u>5,026,000</u>	<u>5,620,606</u>	<u>594,606</u>
Change in Fund Balance	(3,350,500)	(303,568)	752,498	1,056,066
Fund Balance:				
Beginning of the Year	6,317,367	5,009,737	5,009,737	-
End of the Year	<u>\$ 2,966,867</u>	<u>\$ 4,706,169</u>	<u>\$ 5,762,235</u>	<u>\$ 1,056,066</u>

See independent auditor's report.

City of Ponchatoula, Louisiana

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – 1965 Sales Tax Fund
For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Final Budget Variance - Favorable / (Unfavorable)</u>
Revenues:				
Sales Tax	\$ 3,770,000	\$ 3,578,900	\$ 3,810,424	\$ 231,524
Investment Interest	<u>155,100</u>	<u>92,000</u>	<u>95,955</u>	<u>3,955</u>
Total Revenues	3,925,100	3,670,900	3,906,379	235,479
Expenditures:				
General Government:				
Collection Fees	<u>25,300</u>	<u>29,700</u>	<u>24,768</u>	<u>(4,932)</u>
Total Expenditures	<u>25,300</u>	<u>29,700</u>	<u>24,768</u>	<u>4,932</u>
Excess of Revenues over Expenditures	3,899,800	3,641,200	3,881,611	240,411
Other Financing Sources (Uses):				
Operating Transfers Out	<u>(4,420,000)</u>	<u>(4,420,000)</u>	<u>(4,994,210)</u>	<u>(574,210)</u>
Total Other Financing Sources (Uses)	<u>(4,420,000)</u>	<u>(4,420,000)</u>	<u>(4,994,210)</u>	<u>(574,210)</u>
Change in Fund Balance	(520,200)	(778,800)	(1,112,599)	(333,799)
Fund Balance:				
Beginning of the Year	<u>3,694,019</u>	<u>3,723,317</u>	<u>3,723,317</u>	<u>-</u>
End of the Year	<u>\$ 3,173,819</u>	<u>\$ 2,944,517</u>	<u>\$ 2,610,718</u>	<u>\$ (333,799)</u>

See independent auditor's report.

City of Ponchatoula, Louisiana

Schedule 3

Schedule of the City's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2025

Fiscal Year*	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>MERS (Municipal Employees Retirement System of Louisiana):</u>					
2025	1.875668%	\$ 1,138,105	\$ 1,848,661	61.56%	80.10%
2024	1.839210%	\$ 1,474,790	\$ 1,709,783	86.26%	73.25%
2023	1.706679%	\$ 1,498,436	\$ 1,421,524	105.41%	69.56%
2022	1.797777%	\$ 1,041,468	\$ 1,372,107	75.90%	79.14%
2021	1.694661%	\$ 1,535,745	\$ 1,304,726	117.71%	66.26%
2020	1.625329%	\$ 1,421,859	\$ 1,244,063	114.29%	66.14%
2019	1.536406%	\$ 1,299,541	\$ 1,142,050	113.79%	63.94%
2018	1.297115%	\$ 1,122,306	\$ 967,655	115.98%	63.49%
2017	1.268504%	\$ 1,051,474	\$ 932,168	112.80%	63.34%
2016	1.280015%	\$ 869,958	\$ 887,215	98.05%	68.71%
<u>FRS (Firefighters' Retirement System of Louisiana):</u>					
2025	0.309498%	\$ 1,742,649	\$ 1,096,264	158.96%	81.68%
2024	0.274886%	\$ 1,794,128	\$ 891,742	201.19%	77.69%
2023	0.218478%	\$ 1,540,552	\$ 664,618	231.80%	74.68%
2022	0.218025%	\$ 772,648	\$ 565,727	136.58%	86.78%
2021	0.234391%	\$ 1,624,693	\$ 589,041	275.82%	72.61%
2020	0.227903%	\$ 1,427,108	\$ 550,812	259.09%	73.96%
2019	0.190894%	\$ 1,098,037	\$ 454,488	241.60%	74.76%
2018	0.164076%	\$ 940,459	\$ 383,093	245.49%	73.54%
2017	0.135357%	\$ 885,357	\$ 305,199	290.09%	68.16%
2016	0.121260%	\$ 654,454	\$ 257,701	253.96%	72.45%
<u>MPERS (Municipal Police Employee's Retirement System of Louisiana):</u>					
2025	0.495657%	\$ 4,490,632	\$ 1,724,089	260.46%	75.84%
2024	0.444337%	\$ 4,694,407	\$ 1,747,276	268.67%	71.30%
2023	0.439241%	\$ 4,489,823	\$ 1,354,727	331.42%	70.80%
2022	0.365670%	\$ 1,949,221	\$ 1,360,534	143.27%	84.09%
2021	0.356601%	\$ 3,295,824	\$ 1,105,498	298.13%	70.95%
2020	0.336225%	\$ 3,052,486	\$ 1,079,414	282.79%	71.01%
2019	0.380091%	\$ 3,213,313	\$ 1,123,062	286.12%	71.89%
2018	0.361881%	\$ 3,159,374	\$ 1,080,330	292.45%	70.08%
2017	0.370674%	\$ 3,474,260	\$ 1,039,600	334.19%	66.04%
2016	0.353333%	\$ 2,767,995	\$ 945,142	292.87%	70.73%

* The measurement date of the proportionate share of the net pension liability is one year in arrears. This schedule is intended to show information for 10 years.

See independent auditor's report.

City of Ponchatoula, Louisiana

Schedule 4

Schedule of the City Contributions to Defined Benefit Pension Plans
For the Year Ended June 30, 2025

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	City's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
<u>MERS (Municipal Employees Retirement System of Louisiana):</u>					
2025	\$ 258,813	\$ (258,813)	\$ -	\$ 1,848,661	14.00%
2024	\$ 265,016	\$ (265,016)	\$ -	\$ 1,709,783	15.50%
2023	\$ 246,847	\$ (246,847)	\$ -	\$ 1,421,524	17.36%
2022	\$ 212,677	\$ (212,677)	\$ -	\$ 1,372,107	15.50%
2021	\$ 185,974	\$ (185,974)	\$ -	\$ 1,386,633	13.41%
2020	\$ 182,663	\$ (182,663)	\$ -	\$ 1,304,726	14.00%
2019	\$ 173,812	\$ (173,812)	\$ -	\$ 1,244,063	13.97%
2018	\$ 149,191	\$ (149,191)	\$ -	\$ 1,142,050	13.06%
2017	\$ 106,442	\$ (106,442)	\$ -	\$ 967,655	11.00%
2016	\$ 88,558	\$ (88,558)	\$ -	\$ 932,168	9.50%
<u>FRS (Firefighters' Retirement System of Louisiana):</u>					
2025	\$ 364,508	\$ (364,508)	\$ -	\$ 1,096,264	33.25%
2024	\$ 296,504	\$ (296,504)	\$ -	\$ 891,742	33.25%
2023	\$ 245,540	\$ (245,540)	\$ -	\$ 664,618	36.94%
2022	\$ 189,980	\$ (189,980)	\$ -	\$ 565,727	33.58%
2021	\$ 162,364	\$ (162,364)	\$ -	\$ 547,647	29.65%
2020	\$ 163,459	\$ (163,459)	\$ -	\$ 589,041	27.75%
2019	\$ 145,965	\$ (145,965)	\$ -	\$ 550,812	26.50%
2018	\$ 120,263	\$ (120,263)	\$ -	\$ 454,488	26.46%
2017	\$ 96,731	\$ (96,731)	\$ -	\$ 383,093	25.25%
2016	\$ 83,167	\$ (83,167)	\$ -	\$ 305,199	27.25%
<u>MPERS (Municipal Police Employee's Retirement System of Louisiana):</u>					
2025	\$ 613,776	\$ (613,776)	\$ -	\$ 1,724,089	35.60%
2024	\$ 592,763	\$ (592,763)	\$ -	\$ 1,747,276	33.92%
2023	\$ 470,391	\$ (470,391)	\$ -	\$ 1,354,727	34.72%
2022	\$ 404,696	\$ (404,696)	\$ -	\$ 1,360,534	29.75%
2021	\$ 358,796	\$ (358,796)	\$ -	\$ 1,127,555	31.82%
2020	\$ 358,779	\$ (358,779)	\$ -	\$ 1,105,498	32.45%
2019	\$ 346,753	\$ (346,753)	\$ -	\$ 1,079,414	32.12%
2018	\$ 346,046	\$ (346,046)	\$ -	\$ 1,123,062	30.81%
2017	\$ 343,005	\$ (343,005)	\$ -	\$ 1,080,330	31.75%
2016	\$ 306,682	\$ (306,682)	\$ -	\$ 1,039,600	29.50%

*This schedule is intended to show information for 10 years.

See independent auditor's report.

Other Supplementary Information

City of Ponchatoula, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2025

Schedule 5

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Sub-Recipients</u>
<u>U.S. Department of the Treasury</u>				
Direct Program:				
COVID-19 - State and Local Fiscal Recovery Funds	21.027	LAWSP10666	\$ 324,740	\$ -
Passed through LA Division of Administration:				
COVID-19 - Louisiana Water Sector Program - Phase 2	21.027	LAWSP10666	<u>3,482,983</u>	<u>-</u>
Total U.S. Department of the Treasury			3,807,723	-
<u>U.S. Department of Homeland Security</u>				
Passed through LA Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP):				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hurricane Ida	97.036	4611-DR-LA	<u>737,774</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>737,774</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 4,545,497</u>	<u>\$ -</u>

Note 1 - This schedule of expenditures of federal awards includes the federal grant activity of the City of Ponchatoula and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - The City of Ponchatoula has elected to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - The City of Ponchatoula did not pass through any of its federal awards to a subrecipient during the year ended June 30, 2025.

Note 4 - No federal awards were expended in the form of non-cash assistance during the year ended June 30, 2025.

See independent auditor's report.

City of Ponchatoula, Louisiana
 Combining Balance Sheet – Non-Major Governmental Funds
 June 30, 2025

Schedule 6

	Special Revenue Funds				Permanent Fund	Total Non-Major Funds
	Mausoleum Trust Fund	Firemen Pay Millage Fund	Policemen Pay Millage Fund	Equipment Millage Fund	Cemetery Endowment Fund	
Assets						
Cash	\$ 81	\$ 18,970	\$ 8,875	\$ 393,209	\$ 18,498	\$ 439,633
Investments	34,211	-	-	-	48,998	83,209
Due from Other Funds	-	-	-	1,149	-	1,149
Total Assets	<u>\$ 34,292</u>	<u>\$ 18,970</u>	<u>\$ 8,875</u>	<u>\$ 394,358</u>	<u>\$ 67,496</u>	<u>\$ 523,991</u>
Liabilities & Fund Balance						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable	-	-	-	-	67,496	67,496
Restricted	34,292	18,970	8,875	394,358	-	456,495
Total Fund Balances	<u>34,292</u>	<u>18,970</u>	<u>8,875</u>	<u>394,358</u>	<u>67,496</u>	<u>523,991</u>
Total Liabilities & Fund Balances	<u>\$ 34,292</u>	<u>\$ 18,970</u>	<u>\$ 8,875</u>	<u>\$ 394,358</u>	<u>\$ 67,496</u>	<u>\$ 523,991</u>

See independent auditor's report.

City of Ponchatoula, Louisiana
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balance – Non-Major Governmental Funds
 For the Year Ended June 30, 2025

Schedule 7

	Special Revenue Funds				Permanent Fund	Total Non-Major Funds
	Mausoleum Trust Fund	Firemen Pay Millage Fund	Policemen Pay Millage Fund	Equipment Millage Fund	Cemetery Endowment Fund	
Revenues:						
Ad Valorem Taxes	\$ -	\$ 148,294	\$ 444,883	\$ 148,294	\$ -	\$ 741,471
Investment Interest	1,578	340	330	21,081	3,084	26,413
Total Revenues	<u>1,578</u>	<u>148,634</u>	<u>445,213</u>	<u>169,375</u>	<u>3,084</u>	<u>767,884</u>
Expenditures:						
Public Safety	-	-	-	312,236	-	312,236
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>312,236</u>	<u>-</u>	<u>312,236</u>
Excess (Deficiency) of Revenues over Expenditures	1,578	148,634	445,213	(142,861)	3,084	455,648
Other Financing Sources (Uses):						
Transfers Out	-	(136,761)	(439,032)	-	-	(575,793)
Total Other Sources (Uses)	<u>-</u>	<u>(136,761)</u>	<u>(439,032)</u>	<u>-</u>	<u>-</u>	<u>(575,793)</u>
Change in Fund Balances	1,578	11,873	6,181	(142,861)	3,084	(120,145)
Fund Balances:						
Beginning of the Year	32,714	7,097	2,694	537,219	64,412	644,136
End of the Year	<u>\$ 34,292</u>	<u>\$ 18,970</u>	<u>\$ 8,875</u>	<u>\$ 394,358</u>	<u>\$ 67,496</u>	<u>\$ 523,991</u>

See independent auditor's report.

City of Ponchatoula, Louisiana
 Schedule of Compensation of Paid Elected Officials
 For the Year Ended June 30, 2025

Schedule 8

Note: This schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation paid to the Mayor, Police Chief, and City Council members for the year ended June 30, 2025, is as follows:

<u>Name & Title</u>	<u>Address</u>	<u>Term of Office</u>	<u>Amount</u>
J. Wesley Daniels Mayor	125 West Hickory Street Ponchatoula, LA 70454	July 1, 2024 - June 30, 2028	\$ 125,758 *
Bry Layrisson Chief of Police	195 North Sixth Street Ponchatoula, LA 70454	July 1, 2024 - June 30, 2028	156,005 *
Jeff Wright City Council, District A	110 Leblanc Street Ponchatoula, LA 70454	July 1, 2024 - June 30, 2028	10,272
Roslind Batiste City Council, District B	750 East Willow Street Ponchatoula, LA 70454	July 1, 2024 - June 30, 2028	10,272
Danny Elstrott City Council, District C	243 South Eighth Street Ponchatoula, LA 70454	July 1, 2024 - June 30, 2028	10,272
Melvin Toomer City Council, District D	495 South East I-55 Service Road Ponchatoula, LA 70454	July 1, 2024 - June 30, 2028	10,272
Vergil Sandifer City Council, District E	485 East Cypress Street Ponchatoula, LA 70454	July 1, 2024 - June 30, 2028	10,272
Total			<u>\$ 333,123</u>

* Including benefits, vehicle allowance, and cell phone allowance

See independent auditor's report.

City of Ponchatoula, Louisiana
 Schedule of Compensation, Benefits, and Other Payments to Agency Head
 For the Year Ended June 30, 2025

Schedule 9

Agency Head: Honorable J. Wesley Daniels, Mayor

Purpose	Amount
Salary	\$ 87,181
Benefits - Insurance	10,209
Benefits - Retirement	15,968
Deferred Compensation	-
Benefits - Other	-
Benefits - Other - Supplemental Pay	-
Car Allowance	10,800
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	1,200
Longevity	400
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
Total	\$ 125,758

See independent auditor's report.

City of Ponchatoula, Louisiana
 Justice System Funding Schedule – Collecting / Disbursing Entity
 For the Year Ended June 30, 2025

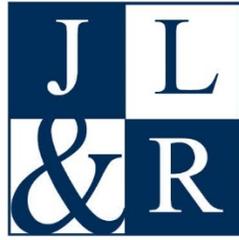
Schedule 10

	First Six- Month Period Ended 12/30/24	Second Six- Month Period Ended 06/30/25
Beginning Balance of Amounts Collected	\$ -	\$ -
Add: Collections		
Criminal Court Costs / Fees	8,559	11,452
Criminal Fines - Other	39,097	58,175
Restitution	325	728
Subtotal Collections	47,981	70,355
Less: Disbursements to Governments & Nonprofits		
21st Judicial District Public Defender - Criminal Court Costs / Fees	5,645	7,482
Crime Stoppers of Tangipahoa Inc - Criminal Court Costs / Fees	352	474
Florida Parishes Juvenile Justice District - Criminal Court Costs / Fees	850	1,051
Louisiana Commission on Law Enforcement and Administration of Criminal Justice - Crime Victim Reparation - Criminal Court Costs / Fees	188	436
Louisiana Commission on Law Enforcement and Administration of Criminal Justice - Criminal Court Costs / Fees	342	436
Supreme Court - Criminal Court Costs / Fees	85	120
Louisiana Department of Health - Traumatic Brain and Spinal Cord Injury Trust Fund - Criminal Court Costs / Fees	175	211
Tangipahoa Parish - Coroner's Operation Fund - Criminal Court Costs / Fees	206	126
Department of the Treasury - CMIS - Criminal Court Costs / Fees	512	645
Less: Amounts Retained by Collecting Agency		
City of Ponchatoula - Criminal Fines - Other	39,097	58,175
Less: Disbursements to Individuals / 3rd Party		
Collection or Processing Agencies		
Appearance Bonds	204	471
Restitution Payments to Individuals	325	728
Subtotal Disbursements / Retainage	47,981	70,355
Ending Balance of Amounts Collected but not Disbursed / Retained	\$ -	\$ -
Other Information:		
Ending Balance of Amounts Assessed but Not Collected	\$ -	\$ -
Total Waivers During the Fiscal Period	\$ -	\$ -

See independent auditor's report.

**Other Independent Auditor's Reports and
Findings and Recommendations**

Dennis E. James, CPA
Paul M. Riggs, Jr., CPA
J. Bryan Ehricht, CPA
Megan E. Lynch, CPA
B. Jacob Steib, CPA
Lauren Kimble Smith, CPA
Lyle E. Lambert, CPA



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Society of Louisiana CPAs

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

The Honorable J. Wesley Daniels, Mayor
and the Members of the City Council
City of Ponchatoula, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ponchatoula, Louisiana (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 30, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters

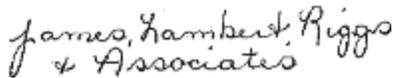
As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs at item 2025-003.

City of Ponchatoula, Louisiana’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and describe in the accompanying schedule of findings and questioned costs. The City’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 City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



James Lambert Riggs and Associates, Inc.

Hammond, Louisiana
December 30, 2025

Dennis E. James, CPA
Paul M. Riggs, Jr., CPA
J. Bryan Ehricht, CPA
Megan E. Lynch, CPA
B. Jacob Steib, CPA
Lauren Kimble Smith, CPA
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Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance

The Honorable J. Wesley Daniels, Mayor
and the Members of the City Council
City of Ponchatoula, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Ponchatoula's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not

a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain and understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

City of Ponchatoula, Louisiana

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*James Lambert Riggs
& Associates*

James Lambert Riggs and Associates, Inc.
Hammond, Louisiana

December 30, 2025

City of Ponchatoula, Louisiana
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2025

We have audited the basic financial statements of the City of Ponchatoula as of and for the year ended June 30, 2025 and have issued our report thereon dated December 30, 2025. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the Uniform Guidance.

Section I – Summary of Auditor’s Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Type of Opinion Issued	<u>X</u>	Unmodified	___	Modified
	___	Disclaimer	___	Adverse
Internal Control:				
Material Weakness	<u>X</u>	Yes	___	No
Significant Deficiencies	<u>X</u>	Yes	___	No
Compliance:				
Noncompliance Material to the Financial Statements	<u>X</u>	Yes	___	No
Was a management letter issued?	___	Yes	<u>X</u>	No

2. Federal Awards

Type of Opinion on Compliance for Major Programs	<u>X</u>	Unmodified	___	Modified
	___	Disclaimer	___	Adverse
Internal Control:				
Material Weakness	___	Yes	<u>X</u>	No
Significant Deficiencies	___	Yes	<u>X</u>	No
Are there findings required to be reported in accordance with the Uniform Guidance?				
	___	Yes	<u>X</u>	No

3. Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program (or Cluster)</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Is the auditee a “low risk” auditee, as defined by the Uniform Guidance? ___ Yes X No

City of Ponchatoula, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section II – Financial Statement Findings

Internal Control over Financial Reporting

2025-001 – Lack of Adequate Internal Controls over Payroll Processing

Condition:

During the audit and review of payroll processing, we noted the following weaknesses in internal controls:

- For the pay periods selected for testing, individual timecards for the Public Works Department did not contain the employee or supervisor’s signature to certify their hours worked. A department-wide summary schedule was signed by the supervisor, however.
- For the pay periods selected for testing, individual timecards for employees across multiple city departments are missing employees signatures and some are missing a supervisor’s signature. There were also several instances where an employee’s “Leave Request Form” was missing when the employees were paid for time off.
- For the pay period selected for testing, several employees personnel files were missing pay rate forms. As a result, we were unable to verify the correct rate of pay for those employees.
- There is no written evidence that the Payroll Clerk is reconciling the summarized department time and attendance reports to the grand total payroll register before processing payroll.
- There is documentary evidence of the Payroll Clerk’s work being reviewed by an individual independent of the payroll processing function; however, we were unable to determine if this review is being performed prior to the actual processing and payment of payroll.
- The City submitted monthly reports for retirement after the required deadlines as follows:
 - 2 out of 12 monthly reports for the Municipal Employees’ Retirement System of Louisiana were submitted late and the City was charged penalties and interest as a result.
 - 7 out of 12 monthly reports for the Firefighters’ Retirement System of Louisiana were submitted late and the City was charged penalties and interest as a result.
 - 11 out of 12 monthly reports for the Municipal Police Employees’ Retirement System of Louisiana were submitted late and the City was charged penalties and interest as a result.
- For the payroll reports selected for testing, several quarterly Form 941s were incorrectly filled out.
- The year end calculation for accrued payroll was prepared by management; however it was missing several employees’ wage compensation amounts in the calculation.

This condition was also noted in the prior audit year.

Criteria:

Strong internal controls over time and attendance recordkeeping and the processing of City payroll are essential to ensure that employees are paid only for time worked and at the rates approved by senior management. The Louisiana Legislative Auditor’s Checklist of Best Practices in Government contains specific procedures for time and attendance recordkeeping and the processing of payroll for employees.

Cause:

The cause of this condition appears to be (1) improperly designed internal control procedures for time and attendance; (2) adopted procedures not being followed; (3) lack of oversight by senior management over the payroll processing functions.

City of Ponchatoula, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Effect:

The lack of strong internal controls over time and attendance and payroll processing creates an environment in which:

- Employees could be paid for time not worked.
- Employees could be paid at rates other than those approved by senior management.
- Penalties and interest could be assessed against the City due to the late filing and payment of payroll liabilities.

Recommendation:

We recommend the following specific actions to improve existing controls:

- All employees and their immediate supervisors should sign the employees' time and attendance sheet certifying their hours worked.
- All employee files should have the most current pay rate information in their personnel files.
- All employees must fill out the "Leave Request Forms" to document approval of time off and payment of benefits.
- The Payroll Clerk should reconcile all approved employee timesheets / timecards to the summary reports prepared by each department supervisor. Any differences should be resolved with the employee and their department supervisor prior to processing payroll checks.
- An individual independent of the payroll processing function should review and approve all work of the Payroll Clerk before each payroll submission and document this by signature and time stamp.
- All payroll reports must be filed prior to their respective due dates to avoid the possible assessment of penalties and interest.
- For all retirement report submissions, there should be a printout of the data submitted, along with a copy of the monthly payment information that shows any penalties and / or interest being charged for late submissions when presenting information to management for payment.
- The Payroll Clerk should refer to the IRS Publication 15 – Employers Tax Guide for guidance on filing payroll reports and determining deposit schedules.
- The Payroll Clerk needs to review the first payroll in July of the following period to determine the correct employee wages to utilize in producing the accrued compensation calculation for annual adjustment in the financial statements.

Management's Response:

See management's response.

2025-002 – Lack of Adequate Restricted Cash and Investments for Utility Customer Deposits

Condition:

During our audit and testing of utility customer deposits, it was noted that the City had a liability payable to utility customers for security deposits totaling \$420,066. The amount of money available in the security deposits cash and investment accounts totaled \$371,079, a shortfall of \$48,987.

Criteria:

Customer utility deposits are recorded as a liability in the City's Water Enterprise Fund as these deposits are owed to the customers. Best practices for water utilities require the City to have sufficient cash on hand at all times to cover the total amount of customer deposits.

City of Ponchatoula, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Cause:

The cause appears to be an oversight on the part of management.

Potential Effect of Condition:

By not having adequate restricted cash or investments on hand, the City does not have enough restricted assets to pay out all utility customer deposits on demand.

Recommendation:

We recommend the City transfer funds from the Water Enterprise Fund's operating bank account to the restricted cash or restricted investment account sufficient to cover the shortfall. We also recommend that the balance of the restricted cash and restricted investment accounts be monitored on a monthly basis to determine if the balances in these funds adequately cover the amount in the customer liability account.

Management's Response:

See management's response.

Compliance and Other Matters

2025-003 – Compliance with the Local Government Budget Act

Condition:

The City did not comply with certain provisions of the Local Government Budget Act in amending the budget for the fiscal year ended June 30, 2025.

Criteria:

Budget procedures applicable to the City are specified in state law, Louisiana Revised Statute (LRS) 39:1301-1315. The pertinent parts of the law and the manner in which the City did not comply are as follows:

- LRS 39:1311(A)(2) requires the City to amend the budget when:

“Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.”

For the fiscal year ended June 30, 2025, the 1965 Sales Tax Fund had actual total expenditures and other uses of \$5,018,978 and budgeted total expenditures and other uses of \$4,449,700, for an unfavorable variance of (12.79%).

Cause:

The cause of this condition appears to be a failure to properly amend the budget when expenditures and other uses exceeded budgeted amounts by more than 5% in the 1965 Sales Tax Fund.

Effect:

Failure to follow the precise requirements of the Local Government Budget Act resulted in the City not complying with the budget laws specified in LRS 39:1301-1315 for the fiscal year ended June 30, 2025.

City of Ponchatoula, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Recommendation:

We recommend that the City familiarize itself with all aspects of the Local Government Budget Act and adopt and amend budgets according to LRS 39:1301-1315. We also recommend the City continue to monitor its financial statements regularly and amend the budgets as needed.

Management's Response:

See management's response.

Section III – Federal Award Findings and Questioned Costs

None

City of Ponchatoula, Louisiana
 Summary Schedule of Prior Year Findings and Responses
 For the Year Ended June 30, 2025

<u>Ref.#</u>	<u>Fiscal Year Findings Occurred</u>	<u>Description of Findings</u>	<u>Finding Resolved</u>	<u>Corrective Action Taken</u>
<u>Internal Control over Financial Reporting</u>				
2024-001	June 30, 2022	Financial Statement Preparation Procedures	Resolved	Bank reconciliations and financial statements being prepared timely
2024-002	June 30, 2024	Update and Consolidation of City Written Policies and Procedures for Fiscal Controls	Resolved	Policies and procedures updated and consolidated
2024-003	June 30, 2022	Lack of Adequate Internal Controls over Payroll Processing	Not Resolved	
<u>Compliance and Other Matters</u>				
None				



December 30, 2025

James, Lambert Riggs & Associates Inc.

PO Box Drawer 369

Hammond, LA 70404

Subject: Response to Auditor's Report on Internal Control over Financial Reporting and Compliance

We are writing in response to the audit schedule of findings and questioned costs for the fiscal year ended June 30, 2025, of the Independent Auditor's Report on Internal Control over Financial Reporting and Compliance in accordance with the Government Auditing Standards.

The Mayor and Finance Manager, for the City of Ponchatoula, find the audit of the basic financial statements and the unmodified opinion to be acceptable. We agree with your findings and fully accept your recommendations for implementing the necessary procedures moving forward.

Thank you for your support.

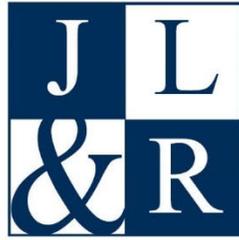
Signed: _____

Honorable J. Wesley Daniels, Mayor

Elise Van Asch, Finance Manager

CITY OF PONCHATOULA, LOUISIANA
STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT
FOR THE YEAR ENDED JUNE 30, 2025

Dennis E. James, CPA
Paul M. Riggs, Jr., CPA
J. Bryan Ehricht, CPA
Megan E. Lynch, CPA
B. Jacob Steib, CPA
Lauren Kimble Smith, CPA
Lyle E. Lambert, CPA



**JAMES
LAMBERT RIGGS
& ASSOCIATES, INC.**
CERTIFIED PUBLIC ACCOUNTANTS
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Member of
American Institute of CPAs
Society of Louisiana CPAs

Independent Accountants' Report on Applying Agreed-Upon Procedures

To Honorable Mayor Wesley Daniels
and City Council Members
City of Ponchatoula
Ponchatoula, Louisiana

Louisiana Legislative Auditor
Baton Rouge, Louisiana

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 July 1, 2024, through June 30, 2025. The City of Ponchatoula's (the "City") management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are detailed in Schedule "A."

We were engaged by the City 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 City 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.

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

December 30, 2025

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.
 - **Results:** The City's policy does not address monitoring 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.
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.
 - 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).
 - **Results:** The City's policy does not address management's actions to determine the completeness of collections for each type of revenue collected by the City.
 - 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.
 - **Results:** The City's policy does not address the approval process from 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.
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.

- 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).
- **Results:** No exceptions were noted as a result of the above-mentioned procedures.
- 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.
- **Results:** The City's policy does not address a system to monitor possible ethics violations and a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes made 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.
- **Results:** The City's policy does not address continuing disclosure / EMMA reporting requirements, debt reserve requirements, and 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.
- **Results:** The City's policy does not address the use of antivirus software on all systems and timely application of all available software patches / updates.
- 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.
- **Results:** The City's policy and procedures do not address annual reporting requirements for sexual harassment.

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.
- **Results:** No exceptions were noted as a result of the above-mentioned procedures.
- ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board / finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month 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 funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

- **Results:** No exceptions were noted as a result of the above-mentioned procedures.
- 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.
- **Results:** No exceptions were noted as a result of the above-mentioned procedures.
- 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.
- **Results:** The minutes of the City Council meetings contained no reference to the prior year audit findings or the progress towards their resolution.

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);
- **Results:** No exceptions were noted as a result of the above-mentioned procedures.
- 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
- **Results:** No exceptions were noted as a result of the above-mentioned procedures.
- 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.
- **Results:** 1 of the 5 bank accounts tested had outstanding items for more than 12 months but management did not have documentation reflecting that these items were researched.

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).
- **Results:** No exceptions were noted as a result of the above-mentioned procedures.
- 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;
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.
 - 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;
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.
 - 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
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.
 - 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.
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- 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
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.

- 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.

- **Results:** No exceptions were noted as a result of the above-mentioned procedures.

- 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.*

- **Results:** No exceptions were noted as a result of the above-mentioned procedures.

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.

- **Results:** No exceptions were noted as a result of the above listed procedures.

- 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., itemized 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

- **Results:** No exceptions were noted as a result of the above listed procedures.

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

- **Results:** No exceptions were noted as a result of the above listed procedures.

- C. Using the monthly statements or combined statements selected under procedure #6B 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.

- **Results:** No exceptions were noted as a result of the above listed procedures.

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 (doa.la.gov/oa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.
 - 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
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.

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;
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.
 - 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);
 - **Results:** No exceptions were noted as a result of the above-mentioned procedures.

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

- **Results:** No exceptions were noted as a result of the above-mentioned procedures.

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.

- **Results:** No exceptions were noted as a result of the above-mentioned procedures.

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.

- **Results:** No exceptions were noted as a result of the above-mentioned procedures.

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);

- **Results:** No exceptions were noted as a result of the above-mentioned procedures.

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

- **Results:** No exceptions were noted as a result of the above-mentioned procedures.

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

- **Results:** No exceptions were noted as a result of the above-mentioned procedures.

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

- **Results:** Of the five employees randomly selected, four employees' rates could not be traced to the authorized pay rate in the employees' 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.
- **Results:** No exceptions were noted as a result of the above-mentioned procedures.
- 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.
- **Results:** Per review of the files, it was indicated that the entity failed to file several retirement reports by the required deadlines.



December 30, 2025

James, Lambert Riggs & Associates Inc.

PO Box Drawer 369
Hammond, LA 70404

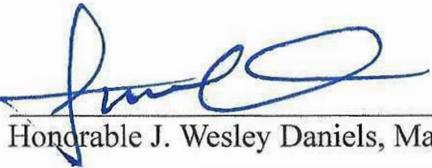
Subject: Response to Louisiana Legislative Auditors (LLA) Statewide Agreed Upon Procedures (SAUPs) for Fiscal Period July 1, 2024 through June 30, 2025

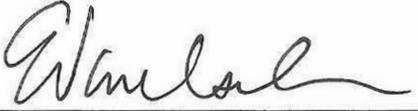
We are writing in response to the procedures and associated findings outlined in Schedule "A" of the Independent Accountants' Report on Applying Agreed-Upon Procedures.

The Mayor and Finance Manager for the City of Ponchatoula have reviewed the auditors report on applying the agreed-upon procedures (SAUPs) and find it to be reasonable for execution and action. We are fully committed to addressing the areas identified in Schedule "A" and will proceed with taking the necessary steps to enhance controls and ensure compliance moving forward.

Thank you for your support.

Signed: _____


Honorable J. Wesley Daniels, Mayor


Elise Van Asch, Finance Manager