

CITY OF MANDEVILLE, LOUISIANA
ANNUAL FINANCIAL REPORT

AUGUST 31, 2025

CITY OF MANDEVILLE, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

The Honorable Clay Madden, Mayor
and Members of the City Council
City of Mandeville, 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 Mandeville, Louisiana (the City), as of and for the year ended August 31, 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 August 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter Regarding Error Correction

As discussed in Note 17 to the financial statements, the beginning net position of governmental activities and business-type activities were restated for the error correction. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 on pages 5 through 14, budgetary comparison information on pages 68 through 71, the schedule of changes in total other post-employment benefit liability and related ratios on page 72, the schedule of proportionate share of the net pension liability on page 73, the schedule of employer contributions to each retirement system on page 74, and the notes to required supplementary information on page 75 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 non-major governmental fund financial statements, the schedule of compensation paid to City Council members, the schedule of compensation, benefits, other payments to the Mayor, the Justice System Funding Schedule – Collecting / Disbursing 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major governmental fund financial statements, the schedule of compensation paid to City Council members, the schedule of compensation, benefits, other payments to the Mayor, the Justice System Funding Schedule – Collecting / Disbursing 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 August 27, 2026, 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.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
August 27, 2026

CITY OF MANDEVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2025

As management of the City of Mandeville, 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 August 31, 2025. This management's 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. The MD&A is intended to provide readers with a broad overview of the City's finances and an analysis of the City's short-term and long-term activities based on information presented in the financial report and 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 (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial reporting, the information contained within the MD&A should be considered as only a part of a greater whole. We encourage readers to consider the information presented here in conjunction with the financial statements and with additional information presented in the required supplementary information (RSI) that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- At August 31, 2025, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$138,397,404. This total net position consisted of \$116,978,098 in governmental activities and \$21,419,306 in business-type activities.
- The City's total net position increased by \$7,803,351 from current-year operations. Governmental activities increased by \$3,945,702, and business-type activities increased by \$3,857,649. In addition, beginning net position was restated downward by \$4,621,412 for an error correction adjustment related to the City's capital asset records.
- The City reported an unrestricted net position deficit of \$1,550,089. Governmental activities reported unrestricted net position of \$1,387,286, while business-type activities reported an unrestricted net position deficit of \$2,937,375.
- Approximately 65% of the City's total net position, or \$89,695,657, represents its net investment in capital assets, such as land, buildings, equipment, and infrastructure, less any related outstanding debt. The City uses these assets to provide services to citizens; therefore, they are not available for future spending.
- Approximately 36% of the City's total net position, or \$50,251,836, is restricted for purposes established by tax levies and for DMV office operations and maintenance.

CITY OF MANDEVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

For the Year Ended August 31, 2025

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 16 and 17) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 19. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

- *The statement of net position* presents information on all of the City's assets, liabilities, deferred inflows, and deferred outflows, with the difference 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 deteriorating.
- *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 the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and cemetery. The business-type activities of the City include water and sewer services.

CITY OF MANDEVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

For the Year Ended August 31, 2025

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 of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 near-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.

The City maintains eight 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 its five major funds: General Fund, Sales Tax Fund, Special Sales Tax Fund, District No. 3 Sales Tax Fund, and Street Construction Fund. Data from the other governmental funds are combined under the heading "Non-Major Governmental Funds."

- **Proprietary Funds**

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations.

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. This fund is considered to be a major fund of the City.

CITY OF MANDEVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

For the Year Ended August 31, 2025

Notes to Financial Statements

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

Required Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information.

- A. Budgetary Comparison Schedules - The City adopts an annual appropriated budget for its General Fund and each major special revenue fund. A budgetary comparison statement has been provided for the General Fund and each major special revenue fund to demonstrate compliance with this budget.
- B. Schedule of Changes in Total Other Post Employment Benefit Liability and Related Ratios
- C. Schedule of Proportionate Share of the Net Pension Liability
- D. Schedule of Employer Contributions to Each Retirement System

Other Supplementary Information

- A. Combining Statements of the Non-Major Governmental Funds
- B. Schedule of Compensation Paid to City Council Members
- C. Schedule of Compensation, Benefits, and Other Payments to the Mayor
- D. Justice System Funding Schedule – Collecting / Disbursing
- E. Schedule of Expenditures of Federal Awards and related notes

Government-Wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position is divided into three categories: net investment in capital assets, restricted, and unrestricted. The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$135,274,918 (total net position), of which \$1,550,089 is unrestricted net position deficit.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's net investment in capital assets equals the capital assets balance at year end, less outstanding capital related debt.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
For the Year Ended August 31, 2025

An additional portion of the City's net position represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in two of three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

NET POSITION

The following table reflects condensed information on the City's net position:

	CITY OF MANDEVILLE, LOUISIANA					
	<u>Net Position</u>					
	Governmental Activities 2025	Governmental Activities 2024 Restated	Business-Type Activities 2025	Business-Type Activities 2024 Restated	Total 2025	Total 2024 Restated
ASSETS:						
Current and other assets	\$ 71,077,172	\$ 66,075,234	\$ 1,921,416	\$ 4,988,825	\$ 72,998,588	\$ 71,064,059
Capital assets (net of accumulated depreciation)	65,338,976	65,816,689	24,356,681	15,824,512	89,695,657	81,641,201
TOTAL ASSETS	136,416,148	131,891,923	26,278,097	20,813,337	162,694,245	152,705,260
DEFERRED OUTFLOWS OF RESOURCES:	5,991,834	4,142,629	958,872	415,870	6,950,706	4,558,499
LIABILITIES :						
Current liabilities	6,728,551	17,492,943	3,343,130	1,545,384	10,071,681	19,038,327
Noncurrent liabilities	15,325,379	2,742,668	2,161,880	1,981,643	17,487,259	4,724,311
TOTAL LIABILITIES	22,053,930	20,235,611	5,505,010	3,527,027	27,558,940	23,762,638
DEFERRED INFLOWS OF RESOURCES:	3,375,954	2,863,631	312,653	140,523	3,688,607	3,004,154
NET POSITION:						
Net investment in capital assets	65,338,976	65,816,689	24,356,681	15,824,512	89,695,657	81,641,201
Restricted	50,251,836	47,095,907	-	-	50,251,836	47,095,907
Unrestricted	1,387,286	119,800	(2,937,375)	1,737,145	(1,550,089)	1,856,945
TOTAL NET POSITION	\$116,978,098	\$113,032,396	\$ 21,419,306	\$ 17,561,657	\$138,397,404	\$130,594,053

The City's net position increased by \$7,900,437 during the current fiscal year.

Governmental Activities:

Governmental activities for the City include general government, public safety, public works, and cemetery. sales and use taxes, property taxes, franchise taxes, licenses and permits, and fees and fines fund most of these governmental activities. Governmental activities net position increased by \$30,899,167, or 35.9% largely due to adjustments related to capital assets activity.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED
AUGUST 31, 2025

CHANGES IN NET POSITION. The City's total revenues and expenses for governmental and business-type activities are reflected in the following table of condensed information:

CITY OF MANDEVILLE, LOUISIANA
Changes in Net Position

	Governmental Activities 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Total 2025	Total 2024
REVENUES:						
Program revenues:						
Charges for services	\$ 2,027,990	\$ 1,863,766	\$ 3,908,399	\$ 3,583,528	\$ 5,936,389	\$ 5,447,294
Grants and contributions	2,492,298	5,511,963	2,860,150	95,904	5,352,448	5,607,867
General revenues:						
Property taxes	2,150,072	2,140,507	-	-	2,150,072	2,140,507
Franchise taxes	1,284,411	1,014,489	-	-	1,284,411	1,014,489
Sales taxes	21,929,117	21,569,131	-	-	21,929,117	21,569,131
Licenses and permits	1,684,262	1,770,828	-	-	1,684,262	1,770,828
Fines and forfeits	648,242	517,015	-	-	648,242	517,015
Interest income	1,514,566	1,709,836	287,608	370,398	1,802,174	2,080,234
Other	340,194	290,564	150,521	127,005	490,715	417,569
Transfers	(1,569,597)	-	1,569,597	-	-	-
Total revenues	32,501,555	36,388,099	8,776,275	4,176,835	41,277,830	40,564,934
EXPENSES:						
General government	11,591,379	8,873,976	-	-	11,591,379	8,873,976
Public safety	9,544,939	11,454,470	-	-	9,544,939	11,454,470
Public works	7,110,150	10,309,485	-	-	7,110,150	10,309,485
Cemetery	212,299	56,564	-	-	212,299	56,564
Interest expense	-	7,453	-	-	-	7,453
Water	-	-	2,541,443	2,578,618	2,541,443	2,578,618
Sewer	-	-	2,377,183	4,071,726	2,377,183	4,071,726
Total expenses	28,458,767	30,701,948	4,918,626	6,650,344	33,377,393	37,352,292
Change in net position	4,042,788	5,686,151	3,857,649	(2,473,509)	7,900,437	3,212,642
Net Position - 08/31/2024, as previously presented	86,078,931	80,392,780	49,039,448	51,512,957	135,118,379	131,905,737
Error correction	26,856,379	-	(31,477,791)	-	(4,621,412)	-
Net Position - 08/31/2024, as restated	112,935,310	80,392,780	17,561,657	51,512,957	130,496,967	131,905,737
Net position - end of year	<u>\$116,978,098</u>	<u>\$ 86,078,931</u>	<u>\$ 21,419,306</u>	<u>\$ 49,039,448</u>	<u>\$138,397,404</u>	<u>\$135,118,379</u>

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED
AUGUST 31, 2025

Governmental Activities

Key elements of the change in net position from governmental activities are as follows:

- Grants and contributions decreased by \$3,019,665, or 54.78%, primarily because the prior year included recognition of State and Local Fiscal Recovery Funds revenue that did not recur at the same level in fiscal year 2025.
- Interest and investment earnings decreased by \$195,270, or 11.42%, reflecting lower investment returns and changes in unrealized gains from market value fluctuations.
- Public works expenses decreased by \$3,199,335, or 31.03%, as certain elevated repair, maintenance, and capital-asset-related costs recognized in the prior year did not recur at the same level in fiscal year 2025.

Business-Type Activities

Business-type activities increased net position by \$3,857,649, or 21.97% of restated beginning net position. Key elements of this increase were as follows:

- Capital grants and contributions increased by \$2,764,246, from \$95,904 in fiscal year 2024 to \$2,860,150 in fiscal year 2025, reflecting reimbursements and contributions for water and sewer capital projects.
- Charges for services increased by \$324,871, or 9.07%, from \$3,583,528 in fiscal year 2024 to \$3,908,399 in fiscal year 2025.
- Water and sewer expenses decreased by \$1,731,718, or 26.04%, primarily because sewer repairs and maintenance expenses were lower than in the prior year. Despite this decrease, charges for services remained below combined water and sewer expenses.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED
AUGUST 31, 2025

Governmental Funds - Continued

As of August 31, 2025, the City's governmental funds reported a combined ending fund balance of \$64,692,262, an increase of \$1,938,081 when compared to the prior year. Unassigned fund balance as of August 31, 2025 was \$14,410,725. The restricted fund balance in the amount of \$50,251,836 is primarily reserved to pay for public works projects that are restricted by voter propositions. Nonspendable fund balance for inventory is \$29,701.

General Fund

The General Fund is the chief operating fund of the City. At August 31, 2025, the fund balance of the General Fund was \$15,806,004. The fund balance of the City's General Fund decreased by \$1,217,848 for the year ended August 31, 2025. The decrease occurred because expenditures and other financing uses exceeded revenues and other financing sources during the year.

Sales Tax Fund

The Sales Tax Fund has a total fund balance of \$221,714. The fund balance of the Sales Tax Fund increased by \$120,209 for the year ended August 31, 2025. All revenues of the Sales Tax Fund are transferred out to the General Fund, Special Sales Tax Fund, District No. 3 Sales Tax Fund, and Street Construction Fund.

Special Sales Tax Fund

The Special Sales Tax Fund has a total fund balance of \$11,354,540, all of which is restricted for public works projects special programs. The net increase in fund balance during the current year in the Special Sales Tax Fund was \$357,210. The City Administration is continuing the long-term planning to evaluate the needs for improvement that are necessary to the infrastructure to better serve and protect the citizens of the City of Mandeville, Louisiana.

District No. 3 Sales Tax Fund

The District No. 3 Sales Tax Fund has a total fund balance of \$11,297,933, which is restricted for projects that will benefit the current and former District No. 3 of St. Tammany Parish. Fund balance decreased by \$798,498 during the current year because capital project expenditures exceeded current-year revenues and other financing sources.

Street Construction Fund

The Street Construction Fund has a total fund balance of \$26,639,915, all of which is restricted for capital improvements. The net increase in fund balance during the current year in the Street Construction Fund was \$3,437,295. Fund balance increased by \$3,437,295 during the current year because dedicated sales tax revenues and transfers into the fund exceeded current-year capital project expenditures.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED
AUGUST 31, 2025

Proprietary Fund

The City's Proprietary Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Proprietary Fund at the end of the year was \$21,419,306, including an unrestricted net position deficit of \$2,937,375. Net position increased by \$3,857,649, primarily because capital grants and contributions and transfers into the fund more than offset the amount by which water and sewer expenses exceeded charges for services.

General Fund Budgetary Highlights

During the year, appropriations increased by \$1,047,277 from the original budget to the final amended budget, primarily due to increases in general government and capital outlay appropriations. Estimated revenues decreased by \$8,938,808 from the original budget to the final amended budget, primarily due to lower anticipated intergovernmental revenue.

Capital Asset and Debt Administration

Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of August 31, 2025, was \$89,695,657 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, right of use leased assets, and water and sewer infrastructure.

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

- Equipment, vehicles, buildings, and infrastructure totaling \$4,144,674 were placed in service.
- Construction in progress additions totaled \$9,900,185, including approximately \$5.9 million related to significant water and sewer projects. The remaining additions consisted primarily of drainage and street projects.
- Additional information on the City's capital assets can be found in Note 6 of this report.

Long-Term Liabilities

At August 31, 2025, the City did not have any long-term bonded debt. The City recorded a lease liability as of August 31, 2025, of \$40,132. The City recorded a compensated absence liability as of August 31, 2025, of \$353,400 for governmental activities and \$35,011 for business-type activities.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED
AUGUST 31, 2025

Economic Factors and Next Year's Budget and Rate.

The City has completed numerous capital projects involving streets, drainage, bridges, other infrastructure, water and sewer systems, and land acquisition. From August 31, 2010, through August 31, 2025, the City's net capital assets increased from \$62.5 million to \$89.7 million.

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

- The capital projects budget prioritizes lakefront seawall repairs, drainage upgrades, traffic safety improvements, implementation of the Recreation Master Plan, and design of a new Police Station Headquarters. These efforts are supported in part by state capital outlay funding and local revenues.
- Sales tax revenue for the year ending August 31, 2026, is budgeted at \$22.31 million, representing approximately 39% of total budgeted governmental revenues.
- Property tax revenue is budgeted at \$2.175 million based on the City Council's adopted rate of 8.21 mills.
- The City continues to budget conservatively in light of economic and demographic uncertainty. Financial projections incorporate available information and current trends, although actual results may vary. The administration remains focused on fiscal responsibility, maintaining adequate reserves, and providing services efficiently.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Jessica Farno, Director of Finance
CITY OF MANDEVILLE, LOUISIANA
3101 E. Causeway Approach
Mandeville, Louisiana 70448

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CITY OF MANDEVILLE
STATEMENT OF NET POSITION
AUGUST 31, 2025

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 24,533,464	\$ 1,693,564	\$ 26,227,028
Investments	33,825,617	6,094,581	39,920,198
Accounts receivable (net)	4,326,630	1,777,768	6,104,398
Internal balances	8,361,760	(8,361,760)	-
Inventory	29,701	717,263	746,964
Capital assets, net	65,338,976	24,356,681	89,695,657
TOTAL ASSETS	136,416,148	26,278,097	162,694,245
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,824,925	311,614	4,136,539
Deferred outflows related to OPEB	2,166,909	647,258	2,814,167
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,991,834	958,872	6,950,706
LIABILITIES			
Accounts payable and other liabilities	5,830,983	2,820,078	8,651,061
Customer deposits	-	359,879	359,879
Long-term liabilities			
Due within one year	468,505	35,011	503,516
Due beyond one year	353,400	-	353,400
Total other post-employment benefit (OPEB) liability			
Due within one year	429,063	128,162	557,225
Due beyond one year	3,936,614	1,175,871	5,112,485
Net pension liability	11,035,365	986,009	12,021,374
TOTAL LIABILITIES	22,053,930	5,505,010	27,558,940
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to lessor leases	125,554	-	125,554
Deferred inflows related to pensions	2,483,529	83,588	2,567,117
Deferred inflows related to OPEB	766,871	229,065	995,936
TOTAL DEFERRED INFLOWS OF RESOURCES	3,375,954	312,653	3,688,607
NET POSITION (DEFICIT)			
Net investment in capital assets	65,338,976	24,356,681	89,695,657
Restricted for:			
DMV operations	147,730	-	147,730
Debt service	492,490	-	492,490
Capital projects	26,639,915	-	26,639,915
Special programs	22,971,701	-	22,971,701
Unrestricted	1,387,286	(2,937,375)	(1,550,089)
TOTAL NET POSITION	\$ 116,978,098	\$ 21,419,306	\$ 138,397,404

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR-ENDED AUGUST 31, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue & Changes in Net Position		
		Charges for Service	Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary Government						
Governmental Activities:						
General government	\$ 11,591,379	\$ 1,188,766	\$ 2,115,635	\$ (8,286,978)	\$ -	\$ (8,286,978)
Public safety	9,544,939	839,224	376,663	(8,329,052)	-	(8,329,052)
Public works	7,110,150	-	-	(7,110,150)	-	(7,110,150)
Cemetery	212,299	-	-	(212,299)	-	(212,299)
Total governmental activities	28,458,767	2,027,990	2,492,298	(23,938,479)	-	(23,938,479)
Business-type Activities:						
Water	2,541,443	1,424,890	44,685	-	(1,071,868)	(1,071,868)
Sewer	2,377,183	2,483,509	2,815,465	-	2,921,791	2,921,791
Total business-type activities	4,918,626	3,908,399	2,860,150	-	1,849,923	1,849,923
Total primary government	\$ 33,377,393	\$ 5,936,389	\$ 5,352,448	(23,938,479)	1,849,923	(22,088,556)
General Revenues:						
Property taxes				2,150,072	-	2,150,072
Franchise taxes				1,284,411	-	1,284,411
Sales taxes				21,929,117	-	21,929,117
Licenses and permits				1,684,262	-	1,684,262
Fines and forfeits				648,242	-	648,242
Interest income (loss) and fair value changes				1,514,566	287,608	1,802,174
Transfers				(1,569,597)	1,569,597	-
Other				340,194	150,521	490,715
Total general revenues				27,981,267	2,007,726	29,988,993
Change in net position				4,042,788	3,857,649	7,900,437
Net Position, 08/31/2024, as previously presented				86,078,931	49,039,448	135,118,379
Error correction				26,856,379	(31,477,791)	(4,621,412)
Net Position, 08/31/2024, as restated				112,935,310	17,561,657	130,496,967
Net position, end of year				\$ 116,978,098	\$ 21,419,306	\$ 138,397,404

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

CITY OF MANDEVILLE, LOUISIANA

BALANCE SHEET GOVERNMENTAL FUNDS AUGUST 31, 2025

	Special Revenue Funds:				Capital Projects Fund:		
	General Fund	Sales Tax Fund	Special Sales Tax Fund	District No. 3 Sales Tax Fund	Street Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 730,713	\$ 1,970,476	\$ 4,839,232	\$ 12,284,718	\$ 4,688,687	\$ 19,638	\$ 24,533,464
Investments	13,032,296	112,397	10,016,549	-	9,743,589	920,786	33,825,617
Accounts receivable, net	2,446,865	1,788,625	-	-	88,720	2,420	4,326,630
Due from other funds	13,789,915	-	599,057	3,487,758	13,780,354	-	31,657,084
Inventory	29,701	-	-	-	-	-	29,701
TOTAL ASSETS	\$ 30,029,490	\$ 3,871,498	\$ 15,454,838	\$ 15,772,476	\$ 28,301,350	\$ 942,844	\$ 94,372,496
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable and other liabilities	\$ 4,268,292	\$ -	\$ -	\$ -	\$ 1,562,691	\$ -	\$ 5,830,983
Due to other funds	10,619,115	3,649,784	4,100,298	4,474,543	98,744	352,840	23,295,324
TOTAL LIABILITIES	14,887,407	3,649,784	4,100,298	4,474,543	1,661,435	352,840	29,126,307
Deferred inflows of resources:							
Unavailable revenues - grants	428,373	-	-	-	-	-	428,373
Lease related	125,554	-	-	-	-	-	125,554
TOTAL DEFERRED INFLOWS OF RESOURCES	553,927	-	-	-	-	-	553,927
Fund balances:							
Nonspendable amounts							
Inventory of supplies	29,701	-	-	-	-	-	29,701
Restricted for:							
DMV operations	147,730	-	-	-	-	-	147,730
Debt service	-	-	-	-	-	492,490	492,490
Capital projects	-	-	-	-	26,639,915	-	26,639,915
Special programs	-	221,714	11,354,540	11,297,933	-	97,514	22,971,701
Unassigned	14,410,725	-	-	-	-	-	14,410,725
TOTAL FUND BALANCES	14,588,156	221,714	11,354,540	11,297,933	26,639,915	590,004	64,692,262
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 30,029,490	\$ 3,871,498	\$ 15,454,838	\$ 15,772,476	\$ 28,301,350	\$ 942,844	\$ 94,372,496

CITY OF MANDEVILLE, LOUISIANA

RECONCILIATION OF TOTAL GOVERNMENT FUND

BALANCE SHEET TO STATEMENT OF NET POSITION

August 31, 2025

Total governmental fund balances		\$ 64,692,262
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets, net of adjustments	\$ 113,625,993	
Less: accumulated depreciation and amortization	<u>(48,287,017)</u>	65,338,976
Deferred outflows and inflows of resources are not available to pay current period expenditures and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources - related to other postemployment benefit liability	\$ 2,166,909	
Deferred outflows of resources - related to net pension liability	<u>3,824,925</u>	5,991,834
Deferred inflows of resources - related to other postemployment benefit liability	\$ (766,871)	
Deferred inflows of resources - related to net pension liability	<u>(2,483,529)</u>	(3,250,400)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental fund liabilities:		
Lease liability		(40,132)
Net pension liability		(11,035,365)
Compensated absences		(353,400)
Other postemployment benefit (OPEB) liability		<u>(4,365,677)</u>
Total net position of governmental activities		<u>\$ 116,978,098</u>

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

		Special Revenue Funds:			Capital Projects Fund:		
	General Fund	Sales Tax Fund	Special Sales Tax Fund	District No. 3 Sales Tax Fund	Street Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Ad valorem taxes	\$ 2,192,937	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,192,937
Franchise taxes	1,284,411	-	-	-	-	-	1,284,411
Sales taxes	-	21,929,117	-	-	-	-	21,929,117
Licenses and permits	1,684,262	-	-	-	-	-	1,684,262
Fines and forfeits	648,242	-	-	-	-	-	648,242
Intergovernmental	2,895,916	-	-	-	-	-	2,895,916
Charges for services	950,784	-	-	-	-	-	950,784
Interest	569,830	5,705	474,004	6,416	417,791	40,820	1,514,566
Miscellaneous	1,417,400	-	-	-	-	-	1,417,400
TOTAL REVENUES	11,643,782	21,934,822	474,004	6,416	417,791	40,820	34,517,635
EXPENDITURES							
Current -							
General government	8,605,841	252,164	18,410	-	-	1,107	8,877,522
Public safety	11,374,657	-	-	-	-	-	11,374,657
Public works	2,960,777	-	-	-	13,692	-	2,974,469
Cemetery	212,301	-	-	-	-	-	212,301
Capital outlay	3,153,716	-	-	-	4,417,292	-	7,571,008
TOTAL EXPENDITURES	26,307,292	252,164	18,410	-	4,430,984	1,107	31,009,957
Excess (deficiency) of revenues over expenditures	(14,663,510)	21,682,658	455,594	6,416	(4,013,193)	39,713	3,507,678
OTHER FINANCING SOURCES (USES)							
Transfers to other funds	-	(21,562,449)	(3,827,603)	(3,721,269)	-	-	(29,111,321)
Transfers from other funds	13,445,662	-	3,729,219	2,916,355	7,450,488	-	27,541,724
Total other financing sources (uses)	13,445,662	(21,562,449)	(98,384)	(804,914)	7,450,488	-	(1,569,597)
Net change in fund balance	(1,217,848)	120,209	357,210	(798,498)	3,437,295	39,713	1,938,081
Fund balances, beginning	15,806,004	101,505	10,997,330	12,096,431	23,202,620	550,291	62,754,181
Fund balances, ending	\$ 14,588,156	\$ 221,714	\$ 11,354,540	\$ 11,297,933	\$ 26,639,915	\$ 590,004	\$ 64,692,262

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR-ENDED AUGUST 31, 2025

Amounts reported for government activities in the statement of activities are different as follows:

Net change in fund balances - total governmental funds		\$ 1,938,081
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as this is the amount by which depreciation expense		
Capital outlay and other capitalized purchases, adjustments	\$ 5,761,188	
Depreciation and amortization expense	<u>(3,049,712)</u>	
		2,711,476
Change in deferral of grant revenues beyond the one year availability		24,755
Change in deferral of property tax revenues beyond the one year availability		(42,865)
Changes in long-term obligations:		
Change in net pension liability and related deferrals	\$ (431,626)	
Principal paid on leases	56,954	
Change in total other post-employment benefit liability and related deferrals	<u>(213,987)</u>	
		<u>(588,659)</u>
Change in net position of governmental activities		<u><u>\$ 4,042,788</u></u>

CITY OF MANDEVILLE, LOUISIANA

STATEMENT OF NET POSITION

PROPRIETARY FUND

AUGUST 31, 2025

ASSETS	
Cash and cash equivalents	\$ 1,693,564
Investments	6,094,581
Accounts receivable (net)	1,777,768
Due from other funds	239,108
Inventories	717,263
Total current assets	<u>10,522,284</u>
CAPITAL ASSETS	
Capital assets, cost	40,304,861
Less: accumulated depreciation	<u>(15,948,180)</u>
Total capital assets	<u>24,356,681</u>
TOTAL ASSETS	<u>34,878,965</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	311,614
Deferred amounts related to OPEB	<u>647,258</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>958,872</u>
CURRENT LIABILITIES	
Accounts payable and other liabilities	2,820,078
Compensated absences, current	35,011
Customer deposits	359,879
Due to other funds	8,600,868
Total other postemployment benefit liability, current	<u>128,162</u>
Total current liabilities	<u>11,943,998</u>
LONG-TERM LIABILITIES	
Net pension liability	986,009
Total other postemployment benefit liability	<u>1,175,871</u>
Total long-term liabilities	<u>2,161,880</u>
TOTAL LIABILITIES	<u>14,105,878</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	83,588
Deferred amounts related to OPEB	<u>229,065</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>312,653</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	24,356,681
Unrestricted	<u>(2,937,375)</u>
TOTAL NET POSITION	<u><u>\$ 21,419,306</u></u>

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR-ENDED AUGUST 31, 2025

OPERATING REVENUES	
Charges for services	
Water fees	\$ 1,380,290
Sewer fees	2,465,393
Taping fees	
Water	8,730
Sewer	5,500
Water service charges	23,090
Delinquent fees	54,964
Miscellaneous service revenues	95,557
Water impact fees	12,780
Sewer impact fees	12,616
Total operating revenues	<u>4,058,920</u>
OPERATING EXPENSES	
Water department expenses	2,541,443
Sewer department expenses	2,377,183
Total operating expenses	<u>4,918,626</u>
Operating income (loss)	(859,706)
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental	2,791,203
Interest income (loss)	287,608
Other grants and contributions	68,947
Total non-operating revenues (expenses)	<u>3,147,758</u>
Gain (Loss) before operating transfers	2,288,052
OPERATING TRANSFERS	
Transfers in	<u>1,569,597</u>
Total operating transfers	<u>1,569,597</u>
Change in net position	3,857,649
NET POSITION, 08/31/2024, as previously presented	49,039,448
Error correction	<u>(31,477,791)</u>
NET POSITION, 08/31/2024, as restated	17,561,657
NET POSITION - end of year	<u><u>\$ 21,419,306</u></u>

CITY OF MANDEVILLE, LOUISIANA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR-ENDED AUGUST 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 2,736,316
Payments to suppliers	(328,960)
Payments to employees	<u>(1,923,722)</u>
Net cash provided by operating activities	483,634

CASH FLOWS FROM FINANCING ACTIVITIES

Net change in due to/from other funds	5,137,247
Grants and contributions	<u>2,860,150</u>
Net cash provided by non-capital financing activities	7,997,397

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchases of capital assets	<u>(9,569,280)</u>
Net cash used in capital financing activities	(9,569,280)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(252,237)
Investment income (loss)	<u>287,608</u>
Net cash provided by investing activities	<u>35,371</u>

Net change in cash and cash equivalents	(1,052,878)
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Cash and cash equivalents at the beginning of the year	<u>2,746,442</u>
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Cash and cash equivalents at the end of the year	<u><u>\$ 1,693,564</u></u>
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CITY OF MANDEVILLE, LOUISIANA

STATEMENT OF CASH FLOWS - CONTINUED

PROPRIETARY FUNDS

FOR THE YEAR-ENDED AUGUST 31, 2025

RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES

Net loss from operations	\$ (859,706)
Adjustments to reconcile net income from operations to net cash used in operating activities:	
Depreciation expense	1,037,111
Bad debt expense	29,232
Change in assets, deferred outflows, liabilities and deferred inflows:	
Receivables	(1,323,208)
Inventories	(6,906)
Deferred outflows related to pensions	(95,907)
Deferred outflows related to OPEB	(447,095)
Accounts payable and accrued liabilities	1,605,945
Customer deposits	28,628
Compensated absences	(6,561)
Net pension liability	(365,357)
Deferred inflows related to pensions	29,639
OPEB liability	715,328
Deferred inflows related to OPEB	142,491
Net cash provided by operating activities	<u>\$ 483,634</u>

CITY OF MANDIVILLE
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mandeville, Louisiana (the City) adopted the Home Rule Charter on November 16, 1985, under the provisions of Article VI, Section 5, of the Louisiana Constitution of 1974. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation and utilities, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

For financial reporting purposes, the City includes all funds which are controlled by or dependent on the City which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters and authority to issue debt. Based on these criteria, the City has determined that there are no component units that are part of the reporting entity.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City's police protection, parks, recreation, community and youth services, animal control, garbage collection, public works, and general administration services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column. The City's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities when both restricted and unrestricted net position are available.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Government-Wide Financial Statements - Continued

The government-wide statement of activities demonstrates the degree to which the direct expenses of the City's functions and business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include (1) charges to customers or applicants for services or privileges provided by a given function or business-type activity, such as water and sewer use or garbage collection fees, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other revenues are reported as general revenues.

C. Fund Financial Statements

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the City are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types.

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported as a separate column. The major funds reported are the General Fund, Sales Tax Fund, Special Sales Tax Fund, District No. 3 Sales Tax Fund, and Street Construction Fund. Non-major funds are aggregated and presented in a single column. The City has three non-major funds: Tax Collector Fund, the Bond Reserve Fund, and the Bond Sinking Fund.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

An allowance for estimated uncollectible receivables is recorded for all accounts receivable older than 120 days at year-end.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, except for reimbursement grants where the revenue is recognized when the eligibility requirements are met. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement grants which are recognized when the eligibility requirements of the grant are met, if they are collected within 1 year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the year for which taxes have been levied and collected. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The following are the City's major governmental funds:

General Fund: This fund is the general operating fund of the City and is used to account for financial resources except those required to be accounted for in another fund.

Sales Tax Special Revenue Fund (Sales Tax Fund): This fund is used to account for the proceeds of the City's 2.5% sales and use tax and the State, Parish, and Municipal Motor Vehicle sales tax. One percent can be used for any lawful corporate purpose. On November 19, 2011, a special election was held to authorize the rededication of the proceeds of this 1% sales and use tax initially authorized at an election held on August 18, 1959.

One percent of this tax was authorized at elections held on November 4, 1986 and May 1, 1999 and was dedicated to capital expenditures for constructing, improving, extending, and maintaining playgrounds and recreational facilities, public roads, streets, bridges and crossings, sewerage, garbage disposal, waterworks, fire protection, beach improvements, seawalls and extensions, harbor improvements, and other works of permanent public improvements in the City. On November 4, 2014, a special election was held to authorize the rededication of this 1% sales and use tax to 50% for constructing, acquiring, extending, improving, equipping, repairing, operating and/or maintaining sewers and sewerage disposal works, waterworks improvements, streets, drains and drainage facilities and flood protection (including the payment of salaries and acquiring of all necessary land, equipment, and furnishings) and 50% (after paying the reasonable and necessary costs and expenses of collecting and administering the tax) may be used for any lawful corporate purpose of the City.

The City first utilizes restricted resources to finance qualifying activities when both restricted and unrestricted net position are available. The remaining 0.5% sales and use tax can be used for the purpose of (i) paying, improving, repairing, and maintaining streets (including sidewalks and bike paths) in the City, (ii) repairing and maintaining existing bridges in the City, and (iii) constructing, acquiring, and maintaining roadside drainage improvements in the City.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The following are the City's major governmental funds (Continued):

Special Sales Tax Special Revenue Fund (Special Sales Tax Fund): This fund is used to account for 1% of the sales and use tax and the State, Parish, and Municipal Motor Vehicle sales tax transferred from the Sales Tax Fund. One percent became effective with elections held on November 4, 1986, May 1, 1999, and November 4, 2014, and the 1% tax was rededicated to 50% for any lawful corporate purpose of the City and 50% for constructing, acquiring, extending, improving, equipping, repairing, operating and/or maintaining sewers and sewerage disposal works, waterworks improvements, streets, drains and drainage facilities and flood protection (including the payment of salaries and acquiring of all necessary land, equipment, and furnishings).

All monies remaining in the Special Sales Tax Fund on the 20th day of each month in excess of all reasonable and necessary expenses of collection and administration of the tax shall be considered surplus. Such surplus may be used by the issuer for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds in advance of their maturities.

District No. 3 Sales Tax Special Revenue Fund (District No. 3 Sales Tax Fund): This fund is used to account for the portion of the St. Tammany Parish 2% sales and use tax transferred from the Sales Tax Fund to be used for joint projects with St. Tammany Parish (the Parish) to provide improvements to St. Tammany Parish's Sales Tax District No. 3 to include constructing, acquiring, extending, improving, maintaining, and/or operating: 1) roads, streets, and bridges and 2) drains and drainage facilities for the benefit of District No. 3. In April 2012, the Parish and the City amended the Sales Tax Enhancement Plan dated effective September 20, 1990, as amended by an agreement dated March 27, 2003, to allow for the joint projects.

Street Construction Capital Projects Fund (Street Construction Fund): This fund is used to account for the costs of (i) paving, improving, repairing, and maintaining streets (including sidewalks and bike paths) in the City, (ii) repairing and maintaining existing bridges in the City, and (iii) constructing, acquiring, and maintaining roadside drainage improvements in the City. Financing is provided by a pledge of revenue to be derived from the City's collection of a 0.5% sales tax transferred from the Sales Tax Fund. One-half percent became effective with an election held on January 20, 2001 and extended by the voters on August 15, 2021 (other than those financed by proprietary funds).

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The City's sole Enterprise Fund is the Proprietary Fund.

Enterprise Fund: This fund is used to account for operations of the Proprietary Fund where (a) it is financed and operated in a manner similar to a private business enterprise and (b) the periodic determination of net income is appropriate.

E. Cash and Investments

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

Investments in certificates of deposit are stated at cost. All other investments are reported at fair value (quoted market price or the best available estimate).

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

G. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are accounted for on the consumption method. There were no prepaid items/expenses as of August 31, 2025.

H. Capital Assets

Capital assets, which include property, plant, equipment, right to use lease assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Capital Assets (Continued)

The City maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized over the remaining useful lives of the assets.

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds, and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met. Infrastructure has been capitalized retroactively to 1980. Depreciation on governmental activities is recorded on capital assets on a government-wide basis. Capital outlays of the proprietary fund 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. The estimated useful lives are as follows:

<u>Description</u>	<u>Est. Useful Lives (in yrs)</u>
Building and building improvements	10 - 50
Furniture and fixtures	5 - 10
Vehicles	5 - 10
Equipment	5 - 25
Trace and trailhead	10 - 99
Water, sewer systems, infrastructure, drainage, and harbor	10 - 50

Right-of-use lease assets are amortized over the term of the respective contracts.

I. Compensated Absence

The City's policy is to permit employees to accumulate earned but unused annual and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. Employees may carry over annual leave up to 30 days for Civil Service employees or 60 days for Directors. Unused annual leave in excess of the 30 or 60 days is forfeited on the employee's anniversary date. All annual pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Long-Term Obligations

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Deferred Outflows/Inflows

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

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

L. Net Position – Government-Wide and Proprietary Fund Financial Statements

Net position is displayed in three components:

1. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Net position with constraints placed on its use either by:
 - a. external groups such as creditors, grantors, contributors, or laws, or regulations of other governments, or
 - b. law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. FUND BALANCE:

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

1. Non-Spendable Fund Balance - Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance - Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens by voter proposition.
3. Committed Fund Balance - Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.
4. Assigned Fund Balance - Amounts that are constrained by the City's intent that they will be used for specific purposes. The City Council is the only body authorized to assign amounts for a specific purpose and is the highest level of decision-making authority. Therefore, amounts must be reported as committed.
5. Unassigned Fund Balance - All amounts not included in other spendable classifications.

The City considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The City also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

N. Revenues

1. Program Revenues - Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Revenues (Continued)

2. Ad valorem (property) taxes - Ad valorem (property) taxes for the operations of the City are normally levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise, and movable property located in St. Tammany Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A re-assessment of all property is required to be completed no less than every four years. An assessment was completed in 2023.

The assessed value at January 1, 2024, upon which the 2025 levies were based, was \$247,326,769. Property (Ad-valorem) Taxes - Property taxes are levied on a calendar year basis. On September 26, 2024, the taxes were levied for the 2024 calendar year. They are due on December 31st of each year, and are considered delinquent on January 1st, which is the lien date. Property on which the taxes have not been paid is adjudicated to the City after being offered for sale to the public. The following is a summary of the authorized and levied property taxes:

Fund Type	Purpose	Authorized Mills	Levied Mills	Expiration Date
General	General purpose	7.00	2.79	Indefinite
General	Police department additional funding for operations and maintenance	5.08	5.08	2032
General	Police department additional funding salaries and benefits	3.38	0.34	2032
	Total	15.46	8.21	

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

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Revenues (Continued)

4. Sales Taxes - Sales taxes are due the month after sale and recognized in the month the liability is incurred. The following table is a summary of authorized sales taxes:

Purpose	Percent	Expiration Date
1959 Sales Tax - Any lawful governmental purpose	1.00	Perpetual
1986 Sales Tax for the following purposes:	1.00	12/31/2029
50% for any lawful governmental purpose		
50% constructing, improving, maintaining or operating sewer or water systems, streets, and drainage or flood protection		
2001 Sales Tax dedicated to (i) paving, improving, repairing, and maintaining streets (including sidewalks and bike paths) in the City, (ii) repairing and maintaining existing bridges in the City, and (iii) constructing, acquiring, and maintaining roadside drainage improvements	0.50	7/1/2031
Total	2.50	

O. Accounts Receivable

Accounts receivables are reported net of an allowance for uncollectable balances. The more significant accounts receivable is recorded for amounts due from other governments for sales taxes, and for customers' accounts in the business-type activities and the proprietary fund. Customer Utility accounts are estimated to be uncollectable upon coming ninety days past due. Amounts due from governments are estimated to be uncollectable based upon the facts and circumstances of the grant agreement or funding source.

P. INTERFUND TRANSACTIONS

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

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Q. Use of Estimates

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

R. Leases

The City enters into noncancellable lease agreements and records them in accordance with GASB Statement No. 87, Leases.

I. Lessee Leases

The City recognizes a liability and intangible right-of-use asset in the financial statements for leased property for contracts with an initial individual value that is material to the financial statements and with periods greater than one year. At the commencement of a lease or contract, the City initially measures the liability at the present value of payments expected to be made during the lease or contract term. Subsequently, the liability is reduced by the principal portion of payments made. The right-of-use asset is initially measured as the initial amount of the lease liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life or contract term. Key estimates and judgments related to leases include (1) the discount rate used to present value the expected lease payment, (2) lease or contract term, and (3) payments.

The City uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. The lease terms include the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

R. Leases (Continued)

2. Lessor Leases

The City recognizes a lease receivable and a deferred inflow of resources in the financial statements for those lease contracts with an initial individual value that is material to the financial statements and whose terms call for a lease period greater than one year. The lease receivable is measured at the commencement of the lease at the present value of fixed payments expected to be received during the non-cancellable lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include (1) the discount rate used to present value the expected lease receipts, (2) lease term, and (3) lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease terms include the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease receivable are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable, leased asset, liability and deferred inflow if certain changes occur that are expected to significantly affect the amount of the lease receivable or liability. Lessee leased assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net positions. Lessor leases are reported as lease receivable and deferred inflows of resources on the statement of net position.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

S. Recent Reporting and Disclosure Developments

As of August 31, 2025, the Governmental Accounting Standards Board issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

The GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The statement is effective for fiscal years beginning after June 15, 2025.

The GASB issued Statement No. 104, Disclosure of Certain Capital Assets. The objective of this Statement is to require state and local governments to enhance disclosures about certain capital assets, including lease and subscription-based IT assets, to improve transparency and comparability. It also requires specific reporting for capital assets held for sale, including their historical cost, depreciation, and related debt. The statement is effective for fiscal years beginning after June 15, 2025.

2. BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING

All proposed budgets must be completed and submitted to the City Council no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. The final budget must be adopted before the ensuing fiscal year begins or if, at the end of any fiscal year, the appropriations necessary for the support of the municipality for the ensuing fiscal year have not been made, then 50% of the amounts appropriated in the appropriation ordinance or resolution for the last validly passed budget year shall be deemed re-appropriated for the objects and purposes specified in such ordinance or resolution. This 50% limitation will continue until a budget is approved.

The City adopted a budget on a basis consistent with accounting principles generally accepted in the United States of America for the following fund types: General Fund, Special Revenue Funds, Capital Projects Funds, and Enterprise Fund (Proprietary Fund). A formal budget was not adopted for the Debt Service Funds because effective budgetary control is alternately achieved through general obligation bond provisions.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

2. BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING – CONTINUED

The budget may be amended under the same procedures as were followed under its adoption. A budget amendment shall be required should the total of all budget adjustments made within a fiscal year exceed 5% of a department's appropriations. The budgets presented have been amended. Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if one (1) year passes without any disbursement from or encumbrance of the appropriation. The City does not utilize encumbrance accounting.

3. CASH AND CASH EQUIVALENTS

At August 31, 2025, the City had cash and cash equivalents (book balances) totaling \$26,227,028. Under state law, these deposits must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank or through letters of credit issued by the Federal Home Loan Bank. The market value of the pledged securities plus the federal deposit insurance and letters of credit must at all times equal the amount on deposit with the fiscal agent.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City does not have a deposit policy for custodial credit risk. At August 31, 2025, the City had \$25,102,629 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank's trust department in the City's name.

Louisiana Revised Statute (R.S.) 39:1229 imposes a requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

4. INVESTMENTS 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.

The following table provides information on the credit ratings, and fair values associated with the City's investments at August 31, 2025:

	Standard and Poor's					Moody's	Total
	A	A+	AA	AA-	AA+	AAAm	
Federal Home Loan Bank	-	-	-	\$ -	\$ 4,213,545	-	\$ 4,213,545
Federal Home Loan Mortgage	-	-	-	-	548,344	-	548,344
Federal National Mortgage	-	-	-	-	-	-	-
Federal Farm Credit Banks	-	-	-	-	599,946	-	599,946
State Government	-	-	635,526	-	-	-	635,526
Local Government	97,716	146,001	-	248,453	-	-	492,170
LAMP	-	-	-	-	-	11,679,708	11,679,708
US Treasury	-	-	-	-	21,750,959	-	21,750,959
Total	\$ 97,716	\$ 146,001	\$ 635,526	\$ 248,453	\$ 27,112,794	\$ 11,679,708	\$ 39,920,198

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 investments of the City owned at August 31, 2025 were not subject to custodial credit risk.

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 following table shows the City's investments by maturities:

	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Federal Home Loan Bank	\$ 3,640,603	\$ 572,942	-	-
Federal Home Loan Mortgage	248,461	299,883	-	-
Federal Farm Credit Banks	-	599,946	-	-
State Government	-	635,526	-	-
Local Government	-	492,170	-	-
Louisiana Asset Management Pool	11,679,708	-	-	-
US Treasury	16,205,140	5,545,819	-	-
Total	\$ 31,773,912	\$ 8,146,286	\$ -	\$ -

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

4. INVESTMENTS CREDIT QUALITY RISK – CONTINUED

Concentration Credit Risk: It is the policy of the City to diversify its investment portfolios. 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 August 31, 2025 were as follows:

<u>Issuer</u>	<u>Percent</u>
Federal Home Loan Bank	11%
Louisiana Asset Management Pool	29%
US Treasury	54%

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 Investor Services, Inc.; 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 R.S. 33:2955. LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79.

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 City's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

4. INVESTMENTS CREDIT QUALITY RISK – CONTINUED

The following facts are relevant for investment pools (Continued):

- **Concentration Credit Risk:** Pooled investments are excluded from the five percent disclosure requirement.
- **Interest Rate Risk:** LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days or two years (762 days) for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 78 days as of August 31, 2025.
- **Foreign Currency Risk:** Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Investment Fair Value Disclosures

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the asset and are 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. Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

4. INVESTMENTS CREDIT QUALITY RISK – CONTINUED

Investment Fair Value Disclosures

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

		Fair Value Measurements Using	
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
Fixed Income Assets	August 31, 2025		
Federal Home Loan Bank	\$ 4,213,545	\$ 1,166,838	\$ 3,046,707
Federal Home Loan Mortgage	548,344	-	548,344
Federal Farm Credit Banks	599,946	-	599,946
State Government	635,526	-	635,526
Local Government	492,170	-	492,170
US Treasury	21,750,959	21,750,959	-
Total Investments at Fair Value	<u>\$ 28,240,490</u>	<u>\$ 22,917,797</u>	<u>\$ 5,322,693</u>
Reported at Net Asset Value (NAV)			
Louisiana Asset Management Pool	<u>11,679,708</u>		
Total Investments at NAV	<u>11,679,708</u>		
Total Investments	<u>\$ 39,920,198</u>		

5. RECEIVABLES

As of August 31, 2025, receivables, net of allowances, consisted of the following:

	Sales Taxes	Franchise Taxes	Grants	Leases	Other	Customer Utility Accounts	Total
Governmental Activities:							
General Fund	\$ -	\$ 392,139	\$ 1,767,624	\$ 104,370	\$ 182,732	\$ -	\$ 2,446,865
Sales Tax Fund	1,788,625	-	-	-	-	-	1,788,625
Street Construction Fund	-	-	-	-	88,720	-	88,720
Non-major Funds	-	-	-	-	2,420	-	2,420
Total Governmental Activities	<u>1,788,625</u>	<u>392,139</u>	<u>1,767,624</u>	<u>104,370</u>	<u>273,872</u>	<u>-</u>	<u>4,326,630</u>
Business-Type Activities:							
Proprietary Fund	-	-	1,120,088	-	-	1,077,755	2,197,843
Allowance for uncollectible	-	-	-	-	-	(420,075)	(420,075)
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>1,120,088</u>	<u>-</u>	<u>-</u>	<u>657,680</u>	<u>1,777,768</u>
Total	<u>\$ 1,788,625</u>	<u>\$ 392,139</u>	<u>\$ 2,887,712</u>	<u>\$ 104,370</u>	<u>\$ 273,872</u>	<u>\$ 657,680</u>	<u>\$ 6,104,398</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

6. CAPITAL ASSETS

The following is a summary of the changes in capital assets for governmental activities for the year ended August 31, 2025:

	Balance 8/31/2024 <u>Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance 8/31/2025
Capital assets not being depreciated				
Land	\$ 10,328,848	\$ -	\$ -	\$ 10,328,848
Construction in progress	5,556,223	4,014,125	(1,903,581)	7,666,767
Total capital assets not being depreciated	15,885,071	4,014,125	(1,903,581)	17,995,615
Capital assets being depreciated				
Infrastructure - streets and bridges	78,047,160	129,282	-	78,176,442
Vehicles, equipment, and furniture	6,185,216	332,173	-	6,517,389
Buildings and building improvements	9,363,978	-	-	9,363,978
Harbor	1,294,073	-	-	1,294,073
Total capital assets being depreciated	94,890,427	461,455	-	95,351,882
Less: accumulated depreciation for				
Infrastructure - streets and bridges	(32,504,401)	(2,321,905)	-	(34,826,306)
Vehicles, equipment, and furniture	(4,176,504)	(501,791)	-	(4,678,295)
Buildings and building improvements	(7,503,760)	(115,876)	-	(7,619,636)
Harbor	(863,281)	(58,136)	-	(921,417)
Total accumulated depreciation	(45,047,946)	(2,997,708)	-	(48,045,654)
Net capital assets being depreciated	49,842,481	(2,536,253)	-	47,306,228
Right of use leased assets:				
Buildings	249,586	28,910	-	278,496
Less: Accumulated Amortization for				
Buildings	(160,449)	(80,914)	-	(241,363)
Net leased assets being amortized	89,137	(52,004)	-	37,133
Governmental activities capital assets, net	\$ 65,816,689	\$ 1,425,868	\$ (1,903,581)	\$ 65,338,976

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

6. CAPITAL ASSETS – CONTINUED

Depreciation and amortization were charged to governmental activities functions as follows:

General government	\$ 2,744,740
Public safety	152,486
Public works	152,486
	<u>\$ 3,049,712</u>

The following is a summary of the changes in capital assets for business-type activities for the year ended August 31, 2025:

	Balance 8/31/2024 <u>Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance 8/31/2025
Capital assets not being depreciated				
Land	\$ 1,819,524	\$ -	\$ -	\$ 1,819,524
Construction in progress	1,938,940	5,886,060	-	7,825,000
Total capital assets not being depreciated	<u>3,758,464</u>	<u>5,886,060</u>	<u>-</u>	<u>9,644,524</u>
Capital assets being depreciated				
Water wells, lines, and tower	4,430,354	3,511,266	-	7,941,620
Sewer lines	13,045,529	171,954	-	13,217,483
Equipment and vehicles	2,230,234	-	-	2,230,234
Buildings and wastewater treatment plant	7,271,000	-	-	7,271,000
Total capital assets being depreciated	<u>26,977,117</u>	<u>3,683,220</u>	<u>-</u>	<u>30,660,337</u>
Less: accumulated depreciation for				
Water wells, lines, and tower	(2,155,236)	(140,410)	-	(2,295,646)
Sewer lines	(6,672,549)	(637,949)	-	(7,310,498)
Equipment and vehicles	(1,852,284)	(114,855)	-	(1,967,139)
Buildings and wastewater treatment plant	(4,231,000)	(143,897)	-	(4,374,897)
Total accumulated depreciation	<u>(14,911,069)</u>	<u>(1,037,111)</u>	<u>-</u>	<u>(15,948,180)</u>
Net capital assets being depreciated	<u>12,066,048</u>	<u>2,646,109</u>	<u>-</u>	<u>14,712,157</u>
Business-type activities capital assets, net	<u>\$ 15,824,512</u>	<u>\$ 8,532,169</u>	<u>\$ -</u>	<u>\$ 24,356,681</u>

Depreciation was charged to business-type activities functions as follows:

Water	\$ 518,555
Sewer	518,556
	<u>\$ 1,037,111</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

6. CAPITAL ASSETS – CONTINUED

Capital Commitments

The City has active capital projects as of August 31, 2025, as follows:

Project	Project Authorization	Expended to August 31, 2025	Remaining Commitment
Governmental Activities:			
Lakefront Wetlands Restoration - Berm	\$ 3,634,122	\$ 534,508	\$ 3,099,614
Shoreline Protection and Flood Control (East and West)	890,140	667,472	222,668
City Parks and Playground	379,910	109,191	270,719
City Hall Master Plan	606,839	492,240	114,599
Seawall Repair	4,341,892	965,654	3,376,238
Harbor Gazebo Improvements	467,996	107,405	360,591
Police Department Building Design	331,892	257,131	74,761
New Park	3,735,000	155,984	3,579,016
Sunset Point Pier	414,303	194,311	219,992
America Street Park	605,000	173,014	431,986
City Wide Roadway Safety Improvements	300,000	176,836	123,164
Hwy 22 Drainage	9,849,455	642,445	9,207,010
Hwy 190/Hwy 22 Interchange Improvements	313,788	264,274	49,514
East Mandeville By-Pass Road	1,251,827	1,251,827	-
Hwy 190 Median Project	457,102	136,309	320,793
Old Golden Shores Neighborhood Drainage Improvements	697,461	523,104	174,357
Ravine au Coquille Watershed Model	306,930	283,482	23,448
Fontainebleau Drainage Improvements	536,372	473,283	63,089
Miscellaneous projects costs	476,589	258,297	218,292
Total Governmental Activities	<u>\$ 29,596,618</u>	<u>\$ 7,666,767</u>	<u>\$ 21,929,851</u>
Business-Type Activities:			
WWTP Pipeline Extension	\$ 536,398	\$ 370,754	\$ 165,644
Fontainebleau State Park Force Main Upgrade	550,000	476,110	73,890
Golden Glen Water Line & Meter Replacement	3,709,933	1,684,844	2,025,089
Lift Station 4 Upgrade	979,573	945,394	34,179
Lift Stations 42 & 43 Upgrade	1,034,009	991,741	42,268
Lift Stations 3 & 39 Upgrade	853,793	833,095	20,698
Lift Stations 37, 13, and 18	1,190,851	1,020,160	170,691
Lift Stations A and 27	991,462	505,256	486,206
Lift Stations 28, G & H	408,000	67,335	340,665
Old Mandeville Waterlines	425,986	232,746	193,240
Sanitary Sewer Lining	1,000,000	475,313	524,687
New Lab Building	200,000	161,887	38,113
Miscellaneous projects costs	60,365	60,365	-
Total Business-Type Activities	<u>\$ 11,940,370</u>	<u>\$ 7,825,000</u>	<u>\$ 4,115,370</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

7. LONG-TERM LIABILITIES

CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended August 31, 2025 is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Lease liability	\$ 97,086	\$ -	\$ (56,954)	\$ 40,132	\$ 40,132
Compensated absences,net	351,940	1,460	-	353,400	-
	<u>\$ 449,026</u>	<u>\$ 1,460</u>	<u>\$ (56,954)</u>	<u>\$ 393,532</u>	<u>\$ 40,132</u>

The City is leasing a facility from the Louisiana Department of Motor Vehicle (DMV) for a term of five years, which began in fiscal year 2021. Lease expenditures were \$56,954 for the year ended August 31, 2025. In accordance with GASB 87, the present value of future lease payments is included in lease liability. In determining the present values, discount rates of 3.03% to 6.55% were applied, depending on the duration of the lease agreement and the nature of the underlying leased asset.

Future principal and interest payments related to the City's building lease at August 31, 2025 are as follows:

<u>Year Ended August 31</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Payments</u>
2026	\$ 40,132	\$ 735	\$ 40,867
	<u>\$ 40,132</u>	<u>\$ 735</u>	<u>\$ 40,867</u>

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Compensated absences,net	\$ 41,572		\$ (6,561)	\$ 35,011	\$ 35,011
	<u>\$ 41,572</u>	<u>\$ -</u>	<u>\$ (6,561)</u>	<u>\$ 35,011</u>	<u>\$ 35,011</u>

Compensated absences liability, net pension liability, and the total other postemployment benefit liability are expected to be funded by the General Fund and the Proprietary Fund.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

8. LESSOR LEASES

The City of Mandeville's lessor leases consist of leases of City owned property to communication service providers to provide access to and space to install equipment. The terms of the leases are for periods ranging from 3 to 11 years at various payment frequencies and amounts. In accordance with GASB Statement No. 87, Leases, a receivable has been recorded for the present value of the lease payments to be received over the lease term for each agreement. In determining the present value, discount rates of 4.42% to 5.31% were applied, depending on the duration of the lease agreement and the nature of the underlying leased asset. As of August 31, 2025, the combined value of the lease receivable was \$104,370. Also, deferred inflows associated with these leases have been recorded that will be recognized as revenue over the term. The balance of the deferred inflows at August 31, 2025, is \$125,534. Inflows recognized during the year end August 31, 2025, consisted of lease revenue of \$16,727 and interest income of \$334.

9. PENSION AND RETIREMENT PLANS

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

Each of the systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These financial reports for each of the systems are for fiscal years ending June 30th. These reports may be obtained by writing, calling, or downloading the reports as follows:

MERS:

7937 Office Park Boulevard Baton Rouge, Louisiana 70809
(225) 925-4810
www.mersla.com

MPERS:

7722 Office Park Boulevard, Suite 200.
Baton Rouge, LA 70809
(225) 929-7411
www.lampers.org

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

9. PENSION AND RETIREMENT PLANS - CONTINUED

PLAN DESCRIPTIONS

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (MERS)

MERS is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. MERS provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the MERS. For the year ended June 30, 2025, there were 89 contributing municipalities in Plan A and 72 in Plan B. The City of Mandeville is a participant in Plan A only.

The following is a description of the plan and its benefits and is provided for general information purposes only.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the Parish are not eligible for membership in the MERS with exceptions as outlined in the statutes.

Any member who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with twenty (20) years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for retirement for members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 55 with thirty (30) or more years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused sick leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

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

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

9. PENSION AND RETIREMENT PLANS - CONTINUED

PLAN DESCRIPTIONS - CONTINUED

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (MERS) - CONTINUED

Upon death of any member with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes. Any member who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of MERS has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP Fund cease and the person resumes active contributing membership in MERS.

The member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, the member shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

9. PENSION AND RETIREMENT PLANS - CONTINUED

PLAN DESCRIPTIONS - CONTINUED

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (MPERS)

MPERS is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security, and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by R.S. 11:2211-11:2233.

The following is a brief description of the plan and its benefits and is provided for general information purposes only.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months, or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children.

Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability, and survivor benefits is based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

9. PENSION AND RETIREMENT PLANS - CONTINUED

PLAN DESCRIPTIONS - CONTINUED

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (MPERS) - CONTINUED

Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS 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 MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months, or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month, whichever is greater. If a deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into MPERS shall resume and, upon later termination, he shall receive additional retirement benefits based on the additional service.

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

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

9. PENSION AND RETIREMENT PLANS - CONTINUED

PLAN DESCRIPTIONS - CONTINUED

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (MPERS) - CONTINUED

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

FUNDING POLICY

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

Contributions to the plans are required and determined by state statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended August 31, 2025 for the City and covered employees were as follows:

	<u>City</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan A	28.000%	10.00%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	35.600%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	35.600%	8.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	38.100%	7.50%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years ended August 31, were as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Municipal Employees' Retirement System Plan A	\$ 1,103,719	\$ 1,070,241	\$ 997,861
Municipal Police Employees' Retirement System	1,481,581	1,273,895	1,091,536

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

9. PENSION AND RETIREMENT PLANS - CONTINUED

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOW OF RESOURCES AND DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS

The following schedule lists the City's proportionate share of the net pension liability allocated by each of the pension plans based on the June 30, 2025, measurement date. The City uses this measurement to record its net pension liability and associated amounts as of August 31, 2025, in accordance with GASB Statement No. 68. The schedule also includes the proportionate share allocation rate used at June 30, 2025 along with the change compared to the June 30, 2024 rate. The City's proportion of the net pension liability was based on the City's contributions effort to the plans as compared to the total of all participating employer's contribution effort.

	Net Pension Liability at <u>June 30, 2025</u>	Proportionate Rate at <u>June 30, 2025</u>	Increase to June 30, 2024 <u>Rate</u>
Multiple Employer Cost Sharing Plans:			
Municipal Employees' Retirement System Plan A	\$ 4,286,994	1.8702%	0.0916%
Municipal Police Employees' Retirement System	<u>7,734,380</u>	1.1199%	0.0768%
Total - Multiple Employer Cost Sharing Plans:	<u>\$ 12,021,374</u>		

The following schedule lists each pension plan's recognized pension expense of the City for the year ended August 31, 2025:

	<u>Total</u>
Municipal Employees' Retirement System Plan A	\$ 1,094,730
Municipal Police Employees' Retirement System	\$ 1,183,857

The City recognized revenue that was allocated by each pension plan that represent payments from non-employer contributing entities that the Sheriff withholds from ad-valorem taxes from each taxing district and allocated to each pension plan. For the year ended August 31, 2025, the City recorded allocated non-employer contributions from MERS of \$158,686 and MPERS of \$332,162.

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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 384,759	\$ 276,109
Changes of assumptions	-	370,758
Net difference between projected and actual earnings on pension plan investments	-	885,651
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,166,480	1,034,599
Employer contributions subsequent to the measurement date	<u>2,585,300</u>	-
Total	<u>\$4,136,539</u>	<u>\$2,567,117</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

9. PENSION AND RETIREMENT PLANS - CONTINUED

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOW OF RESOURCES AND DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS - CONTINUED

The City reported a total of \$2,585,301 as deferred outflows of resources related to pension contributions made subsequent to the measurement date which will be recognized as a reduction in net pension liability in the year ending August 31, 2026. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan A	\$ 1,103,719
Municipal Police Employees' Retirement System	\$ 1,481,581

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	MERS	MPERS	Total
2026	\$ 409,218	\$ 734,381	\$ 1,143,599
2027	(188,730)	(1,032,917)	(1,221,647)
2028	(231,723)	(349,821)	(581,544)
2029	(101,063)	(255,223)	(356,286)
	<u>\$ (112,298)</u>	<u>\$ (903,580)</u>	<u>\$ (1,015,878)</u>

ACTUARIAL ASSUMPTIONS

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2025 follows:

	MERS	MPERS
Valuation Date	June 30, 2025	June 30, 2025
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions: Expected Remaining Service Lives	3 years	4 years
Investment Rate of Return	6.85% net of investment expenses	6.75% net of investment expenses
Inflation Rate	2.50%	2.50%
Mortality	PubG-2010(B) Healthy Retiree Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales.	For annuitants and beneficiaries, the Pub-2016 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was used.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

9. PENSION AND RETIREMENT PLANS - CONTINUED

ACTUARIAL ASSUMPTIONS - CONTINUED

PubG-2010(B) Employee Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales.

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

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

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

Salary Increases

Years of Service

1 - 2 - 9.0%-Plan A
 2 & Over - 4.4%-Plan A

Years of Service

1 - 2 - 13.00%
 Above 2 - 4.75%

Cost of Living Adjustments

The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced

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 value does not include provisions for potential future increases not yet authorized by the Board of Trustees.

MERS

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

MPERS

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by 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 8.12% for the year ended June 30, 2025.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

9. PENSION AND RETIREMENT PLANS - CONTINUED

ACTUARIAL ASSUMPTIONS - CONTINUED

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the retirement systems' target asset allocations as of June 30, 2025:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	53.00%	-	2.31%	-
Equity	-	51.00%	-	3.20%
Public fixed income	29.00%	-	1.26%	-
Fixed Income	-	35.00%	-	1.21%
Alternatives	18.00%	14.00%	0.78%	1.04%
Total	100.00%	100.00%	4.35%	5.45%

DISCOUNT RATE

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 6.85% and 6.75%, respectively, for the year ended June 30, 2025.

SENSITIVITY OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the City's proportionate share of the net pension liability (NPL) using the discount rate of each retirement system as well as what the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each of the retirement systems:

	1.0% Decrease	Current Rate	1.0% Increase
MERS			
Rates	5.85%	6.85%	7.85%
City of Mandeville Share of NPL \$	7,031,951	\$ 4,286,994	\$ 1,970,826
MPERS			
Rates	5.75%	6.75%	7.75%
City of Mandeville of NPL \$	12,687,013	\$ 7,734,380	\$ 3,586,738

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

9. PENSION AND RETIREMENT PLANS - CONTINUED

BALANCE PAYABLE TO EACH RETIREMENT SYSTEM

At August 31, 2025, the following payables were due to each of the pension plans:

MERS	\$ 117,307
MPERS	<u>138,779</u>
	<u>\$ 256,086</u>

10. POSTEMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OTHER POSTEMPLOYMENT (OPEB) PLAN

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

Benefits Provided: Medical and dental benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement. The employees are covered by one of two retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (DROP entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Employees' Retirement System of Louisiana, whose retirement eligibility (DROP entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service.

Employees Covered by Benefit Terms: At August 31, 2025, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	23
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	<u>117</u>
Total	140

TOTAL OPEB LIABILITY

The City's total OPEB liability of \$5,669,710 was measured as of August 31, 2025 and was determined by an actuarial valuation as of August 31, 2024.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

10. POSTEMPLOYMENT BENEFITS - CONTINUED

TOTAL OPEB LIABILITY - CONTINUED

Actuarial Assumptions and Other Inputs: The total OPEB liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	9.0% for service years 1 and 2 4.4% for service years 3 and beyond
Prior Discount Rate	3.87%
Discount Rate	5.23%
Healthcare Cost Trend Rates	5.50% annually decreasing to 5.12% for 5 years, then 5.09% decreasing to 4.04% thereafter
Mortality	115% for males and 120% for females of Pub-2010 for General Below- Median Employees and Healthy Retirees with MP-2021 scale

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of August 31, 2025, the end of the applicable measurement period.

The actuarial assumptions used in the August 31, 2024 valuation were based on the results of ongoing evaluations of the assumptions from September 1, 2009 to August 31, 2023:

Balance at August 31, 2024	\$ 4,528,503
Changes for the Year	
Service Cost	78,376
Interest	168,115
Differences between Expected and Actual Experience	1,950,315
Changes in Assumptions	(524,909)
Benefit Payments and Net Transfers	<u>(530,690)</u>
Net Changes	<u>1,141,207</u>
Balance at August 31, 2025	<u>\$ 5,669,710</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.23%) or one percentage point higher (6.23%) than the current discount rate.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

10. POSTEMPLOYMENT BENEFITS - CONTINUED

TOTAL OPEB LIABILITY - CONTINUED

	1.0% Decrease	Current Discount Rate	1.0% Increase
	<u>4.23%</u>	<u>5.23%</u>	<u>6.23%</u>
Total OPEB Liability	\$6,049,471	\$5,669,710	\$5,322,720

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1.0% Decrease	Current Trend 5.5% for 5 Years reducing to 4.04%	1.0% Increase
	<u>\$5,286,149</u>	<u>\$5,669,710</u>	<u>\$6,101,396</u>
Total OPEB Liability	\$5,286,149	\$5,669,710	\$6,101,396

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended August 31, 2025, the City recognized OPEB expense of \$727,425. At August 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,551,220	\$ 205,457
Changes in assumptions	<u>262,947</u>	<u>790,479</u>
Total	<u>\$ 2,814,167</u>	<u>\$ 995,936</u>

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

Year Ending <u>August 31,</u>	<u>Amount</u>
2026	\$ 480,936
2027	414,134
2028	414,131
2029	265,154
2030	312,413
Thereafter	<u>(68,537)</u>
	<u>\$1,818,231</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

10. POSTEMPLOYMENT BENEFITS - CONTINUED

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. An independent plan administrator through an administrative service agreement administers the plan. The City's administrative involvement is limited to transmitting amounts withheld from employees to the plan administrator who performs investing functions. Plan assets are held in trust for the exclusive benefit of the participants and their beneficiaries, and the City does not control how the funds are invested. The assets will not be diverted to any other purpose. Accordingly, the plan's financial information is not included in the City's financial statements.

11. FUND BALANCES

Fund balances for the City's governmental funds consisted of the following as of August 31, 2025:

Restricted Fund Balance:

The restricted fund balance in the General Fund is made up of \$147,730 for State of Louisiana Department of Motor Vehicles office maintenance and operations within the city limits.

The restricted fund balance in the Sales Tax Fund is made up of \$221,714 in sales taxes that have not been transferred to other funds at August 31, 2025.

The restricted fund balance in the Special Sales Tax Fund is made up of \$11,354,540 for public works projects and related debt service as detailed in the 1.0% sales tax proposition.

The restricted fund balance in the District No. 3 Sales Tax Fund is made up of \$11,297,933 for public improvements to St. Tammany Parish District No. 3 funded by proceeds of the 2.0% St. Tammany Parish sales and use tax.

The Capital Projects Fund totals \$26,639,915 in restricted fund balance and is made up of the 1/2 cent special sales tax and funding from the 1.0% sales tax dedicated for capital improvements.

The Tax Collector Fund totals \$97,514 in restricted fund balance for debt service restricted by dedicated millage.

The Bond Reserve Fund and Bond Sinking Fund total \$492,490 restricted for debt service by bond ordinance.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

12. INTERFUND BALANCES

Interfund Receivables/Payables

The primary purpose of interfund receivables and payables is to loan monies from the General Fund to individual funds to cover current expenditures. The balances are expected to be repaid within one year. Individual fund balances due from/to other funds at August 31, 2025 were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds:</u>		
General Fund	\$ 13,789,915	\$ 10,619,115
Sales Tax Fund		3,649,784
Special Sales Tax Fund	599,057	4,100,298
District No. 3 Sales Tax Fund	3,487,758	4,474,543
Street Construction Fund	13,780,354	98,744
Non-Major Governmental Funds	-	352,840
<u>Proprietary Funds:</u>		
Utility System	239,108	8,600,868
	<u>\$ 31,896,192</u>	<u>\$ 31,896,192</u>

Interfund Transfers

Operating transfers between funds consist primarily of sales tax revenues transferred out of the Sales Tax Fund and Special Sales Tax Fund to the particular funds for which the sales tax revenue is to be used. Interfund transfers for the year-ended August 31, 2025 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ 13,445,662	\$ -
Sales Tax Fund	-	21,562,449
Special Sales Tax Fund	3,729,219	3,827,603
District No. 3 Sales Tax Fund	2,916,355	3,721,269
Street Construction Fund	7,450,488	-
<u>Proprietary Funds:</u>		
Utility System	1,569,597	-
	<u>\$ 29,111,321</u>	<u>\$ 29,111,321</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

13. MAUSOLEUM ENDOWED CARE TRUST FUND

The City entered into an agreement with Citizens Bank and Trust Company on June 24, 1966, creating "Lake Lawn Park, Inc., Endowed Care Trust, Town of Mandeville." This Trust Fund was created to provide for the maintenance and care of the mausoleum. On January 24, 2006, the account was transferred to Argent Trust. The Trust Fund can make disbursements to the City "upon presentation to the company of an itemized and notarized statement of maintenance expenses and costs approved and signed by the mayor." This account is not reflected on the financial statements because the Trust Fund is not considered a part of the reporting entity and is not significant in total.

14. COMMITMENTS AND CONTINGENCIES

The City is a defendant in several lawsuits. Damages are generally covered by insurance less deductible for risks retained by the City. The City persists in its vigorous defense of these lawsuits and maintains that the defenses available should shield the City from liability or, at a minimum, preclude the amount of damages sought by the plaintiffs. The City does not expect any material adverse impact relating to these lawsuits.

The City has been rendered a judgement to remedy a drainage issue on private property by following an engineering plan represented by the property owner. The judgement orders specific performance of drainage remediation to the property which is estimated between \$1 million up to \$5 million in costs and materials.

The City is exposed to various risks of loss related to damage and destruction of assets, errors and omissions, and injuries to employees. The City has contracted with various insurers to cover its risk of loss in these areas.

15. GRANT PROGRAMS

The City participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of August 31, 2025 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the City.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF AND FOR THE YEAR-ENDED AUGUST 31, 2025

15. ON-BEHALF PAYMENTS FOR SALARIES

On a monthly basis, post certified police staff receive \$600 through the State of Louisiana. For the year ended August 31, 2025, post certified police staff received a total of \$306,820. These payments have been included in the fund financial statements in intergovernmental revenue and public safety expenditures.

16. CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARDS

The City implemented GASB Statement 101, *Accounting and Financial Reporting for Compensated Absences*. This statement provides comprehensive guidance on how governmental entities should account for and report compensated absences, which includes leave balances that employees earn and may take in the future. For the year-ended August 31, 2025, it has been determined to be impractical to adjust or restate Beginning Net Position and related Compensated Absences as the costs of restating beginning balances appear to outweigh the benefits of an adjustment. The net effect of an adjustment to restate beginning balances does not have a significant impact on the financial statements. See additional information regarding Compensated Absences at Note 7.

17. ERROR CORRECTION

During the year-ended August 31, 2025, the City restated the beginning balance for an error correction regarding the valuation and classification of capital assets with related accumulated depreciation, and construction in progress balances. The impact of the error correction increased the beginning governmental activities net position by \$26,856,379 and decreased the beginning business-type activities net position by \$31,477,791 resulting in a net decrease of \$4,621,412 to the primary government's total beginning net position. Individual asset account balances and related accumulated depreciation for each the governmental activities and the business-type activities were adjusted accordingly by the same net amount. See additional information in Note 6 regarding the restated balances.

18. SUBSEQUENT EVENTS

Subsequent events were evaluated through the date the financial statements were available to be issued, which corresponds with the date of the independent auditors' report.

No material subsequent events have occurred since August 31, 2025 that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANDEVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR-ENDED AUGUST 31, 2025

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Ad valorem taxes	\$ 2,143,183	\$ 1,996,470	\$ 2,192,937	\$ 196,467
Franchise taxes	944,011	944,011	1,284,411	340,400
Licenses and permits	1,563,500	1,563,500	1,684,262	120,762
Fines and forfeits	505,768	505,768	648,242	142,474
Intergovernmental	17,089,500	1,214,427	2,895,916	1,681,489
Charges for services	944,000	944,000	950,784	6,784
Interest	605,490	605,490	569,830	(35,660)
Miscellaneous	1,404,271	1,404,269	1,417,400	13,131
TOTAL REVENUES	25,199,723	9,177,935	11,643,782	2,465,847
EXPENDITURES				
General government	7,729,052	10,596,049	8,605,841	1,990,208
Public safety	10,954,958	10,954,958	11,374,657	(419,699)
Public works	2,947,707	2,947,707	2,960,777	(13,070)
Cemetery	136,523	136,523	212,301	(75,778)
Capital outlay	14,907,000	18,433,150	3,153,716	15,279,434
TOTAL EXPENDITURES	36,675,240	43,068,387	26,307,292	16,761,095
Excess (deficiency) of revenues over expenditures	(11,475,517)	(33,890,452)	(14,663,510)	19,226,942
OTHER FINANCING SOURCES (USES)				
Operating transfers in	16,330,482	12,680,872	13,445,662	(764,790)
TOTAL OTHER FINANCING SOURCES (USES)	16,330,482	12,680,872	13,445,662	(764,790)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	4,854,965	(21,209,580)	(1,217,848)	18,462,152
Fund balances, beginning	16,500,816	16,705,550	15,806,004	(899,546)
Fund balances, ending	<u>\$ 21,355,781</u>	<u>\$ (4,504,030)</u>	<u>\$ 14,588,156</u>	<u>\$ 19,092,186</u>

CITY OF MANDEVILLE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE

SALES TAX FUND

FOR THE YEAR-ENDED AUGUST 31, 2025

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales taxes	\$ 22,115,181	\$ 22,115,181	\$ 21,929,117	\$ (186,064)
Interest	6,724	6,724	5,705	(1,019)
TOTAL REVENUES	22,121,905	22,121,905	21,934,822	(187,083)
EXPENDITURES				
General government	265,382	265,382	252,164	13,218
TOTAL EXPENDITURES	265,382	265,382	252,164	13,218
Excess (deficiency) of revenues over expenditures	21,856,523	21,856,523	21,682,658	(173,865)
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	(21,849,799)	(21,849,799)	(21,562,449)	287,350
TOTAL OTHER FINANCING SOURCES (USES)	(21,849,799)	(21,849,799)	(21,562,449)	287,350
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	6,724	6,724	120,209	113,485
Fund balances, beginning	1,832,936	101,505	101,505	-
Fund balances, ending	<u>\$ 1,839,660</u>	<u>\$ 108,229</u>	<u>\$ 221,714</u>	<u>\$ 113,485</u>

CITY OF MANDEVILLE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE

SPECIAL SALES TAX FUND

FOR THE YEAR-ENDED AUGUST 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 479,438	\$ 337,610	\$ 474,004	\$ 136,394
Miscellaneous	2,838,051	-	-	-
TOTAL REVENUES	3,317,489	337,610	474,004	136,394
EXPENDITURES				
General government	18,000	18,000	18,410	(410)
TOTAL EXPENDITURES	18,000	18,000	18,410	(410)
Excess (deficiency) of revenues over expenditures	3,299,489	319,610	455,594	135,984
OTHER FINANCING SOURCES (USES)				
Operating transfers in	3,653,782	3,653,782	(3,827,603)	(7,481,385)
Operating transfers (out)	(6,338,051)	(6,338,051)	3,729,219	10,067,270
TOTAL OTHER FINANCING SOURCES (USES)	(2,684,269)	(2,684,269)	(98,384)	2,585,885
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	615,220	(2,364,659)	357,210	2,721,869
Fund balances, beginning	10,174,378	10,997,330	10,997,330	-
Fund balances, ending	<u>\$ 10,789,598</u>	<u>\$ 8,632,671</u>	<u>\$ 11,354,540</u>	<u>\$ 2,721,869</u>

CITY OF MANDEVILLE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE

DISTRICT NO.3 SALES TAX FUND

FOR THE YEAR-ENDED AUGUST 31, 2025

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 7,825,000	\$ -	\$ -	\$ -
Interest	5,111	5,111	6,416	1,305
TOTAL REVENUES	7,830,111	5,111	6,416	1,305
Excess (deficiency) of revenues over expenditures	7,830,111	5,111	6,416	1,305
OTHER FINANCING SOURCES (USES)				
Operating transfers in	3,580,890	3,580,890	2,916,355	(664,535)
Operating transfers (out)	-	(2,347,736)	(3,721,269)	(1,373,533)
TOTAL OTHER FINANCING SOURCES (USES)	3,580,890	1,233,154	(804,914)	(2,038,068)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	11,411,001	1,238,265	(798,498)	(2,036,763)
Fund balances, beginning	11,368,279	12,096,431	12,096,431	-
Fund balances, ending	<u>\$ 22,779,280</u>	<u>\$ 13,334,696</u>	<u>\$ 11,297,933</u>	<u>\$ (2,036,763)</u>

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF CHANGES IN TOTAL OTHER
POST-EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
As of and for the Year-Ended August 31, 2025

Financial statement reporting date	Measurement date	Service cost	Interest	Difference between actual and expected experience	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered employee payroll	Total OPEB liability as a percentage of covered employee payroll
8/31/2025	8/31/2025	\$ 78,376	\$ 168,115	\$ 1,950,315	\$ (524,909)	\$ (530,690)	\$ 1,141,207	\$ 4,528,503	\$ 5,669,710	\$ 8,217,686	\$ 68.99%
8/31/2024	8/31/2024	76,315	174,944	-	(15,729)	(440,693)	(205,163)	4,733,666	4,528,503	6,958,584	65.08%
8/31/2023	8/31/2023	54,170	146,780	869,121	95,079	(371,430)	793,720	3,939,946	4,733,666	6,755,907	70.07%
8/31/2022	8/31/2022	70,288	94,126	130,589	(374,224)	(344,103)	(423,324)	4,363,270	3,939,946	4,906,256	82.71%
8/31/2021	8/31/2021	103,170	111,317	(235,854)	(189,454)	(434,210)	(645,031)	5,008,301	4,363,270	4,763,355	91.60%
8/31/2020	8/31/2020	66,477	135,137	206,804	260,802	(421,962)	247,258	4,761,043	5,008,301	4,826,273	103.77%
8/31/2019	8/31/2019	52,543	127,692	935,546	554,218	(399,964)	1,270,035	3,491,008	4,761,043	4,640,647	102.59%
8/31/2018	8/31/2018	54,152	140,960	(190,087)	(92,842)	-	(87,817)	3,578,825	3,491,008	4,372,765	79.84%

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

There were no assets accumulated in a trust that meet the criteria of paragraph 4 of GASB 75 for this plan.

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST SHARING PLANS ONLY
FOR THE YEAR ENDED AUGUST 31, 2025

Fiscal Year	Employer's Proportion Share of the Net Pension Liability (Asset)*	Employer's Proportionate Share of the Net Pension Liability (Asset)*	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability*
<u>MERS</u>					
<u>(plan A):</u>					
2025	1.8702%	\$ 4,286,994	\$ 3,964,368	108.1381%	83.4689%
2024	1.7786%	\$ 5,005,060	\$ 3,624,802	138.0782%	79.0474%
2023	1.7188%	\$ 6,281,936	\$ 3,454,559	181.8448%	72.4597%
2022	1.3288%	\$ 5,518,938	\$ 2,666,577	206.9671%	67.8660%
2021	1.1563%	\$ 3,216,266	\$ 2,289,676	140.4682%	77.8169%
2020	1.2198%	\$ 5,273,889	\$ 2,333,142	226.0423%	64.5220%
2019	1.2625%	\$ 5,275,631	\$ 2,337,165	225.7278%	64.6752%
2018	1.2781%	\$ 5,292,060	\$ 2,333,376	226.7984%	63.9406%
2017	1.3437%	\$ 5,621,152	\$ 2,445,590	229.8485%	63.4940%
2016	1.3991%	\$ 5,734,387	\$ 2,555,492	224.3946%	63.1103%
<u>MPERS:</u>					
2025	1.1199%	\$ 7,734,380	\$ 4,337,462	178.3158%	81.9406%
2024	1.0431%	\$ 9,450,425	\$ 3,646,103	259.1925%	75.8402%
2023	1.2863%	\$ 13,589,656	\$ 3,380,409	402.0122%	71.3030%
2022	1.0753%	\$ 10,991,914	\$ 3,178,063	345.8683%	70.7991%
2021	0.8790%	\$ 4,685,513	\$ 2,639,173	177.5372%	84.0881%
2020	0.8443%	\$ 7,803,355	\$ 2,561,380	304.6543%	70.9450%
2019	0.8142%	\$ 7,394,717	\$ 2,366,905	312.4214%	71.0078%
2018	0.8090%	\$ 6,839,302	\$ 2,387,446	286.4694%	71.8871%
2017	0.8322%	\$ 7,265,624	\$ 2,453,263	296.1616%	70.0815%
2016	0.8521%	\$ 7,986,268	\$ 2,798,773	285.3489%	66.0422%

* The amounts presented have a measurement date of June 30th for the year identified.

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
COST SHARING PLANS ONLY
FOR THE YEAR ENDED AUGUST 31, 2025

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
<u>MERS</u> (plan A):					
2025	\$ 1,103,719	\$ 1,103,719	\$ -	\$ 3,964,368	27.8410%
2024	\$ 1,070,241	\$ 1,070,241	\$ -	\$ 3,656,081	29.2729%
2023	\$ 997,861	\$ 997,861	\$ -	\$ 3,382,581	29.5000%
2022	\$ 832,135	\$ 832,135	\$ -	\$ 2,820,808	29.4999%
2021	\$ 673,600	\$ 673,600	\$ -	\$ 2,283,697	29.4960%
2020	\$ 655,025	\$ 655,025	\$ -	\$ 2,333,947	28.0651%
2019	\$ 611,931	\$ 611,931	\$ -	\$ 2,323,618	26.3353%
2018	\$ 605,202	\$ 605,202	\$ -	\$ 2,422,095	24.9867%
2017	\$ 560,977	\$ 560,977	\$ -	\$ 2,437,818	23.0114%
2016	\$ 508,404	\$ 508,404	\$ -	\$ 2,523,644	20.1456%
<u>MPERS:</u>					
2025	\$ 1,481,581	\$ 1,481,581	\$ -	\$ 4,337,462	34.1578%
2024	\$ 1,273,895	\$ 1,273,895	\$ -	\$ 3,701,601	34.4147%
2023	\$ 1,091,536	\$ 1,091,536	\$ -	\$ 3,446,106	31.6745%
2022	\$ 955,870	\$ 955,870	\$ -	\$ 3,188,741	29.9764%
2021	\$ 858,947	\$ 858,947	\$ -	\$ 2,600,782	33.0265%
2020	\$ 846,611	\$ 846,611	\$ -	\$ 2,599,332	32.5703%
2019	\$ 771,016	\$ 771,016	\$ -	\$ 2,387,096	32.2993%
2018	\$ 768,149	\$ 768,149	\$ -	\$ 2,476,062	31.0230%
2017	\$ 768,685	\$ 768,685	\$ -	\$ 2,433,858	31.5830%
2016	\$ 734,297	\$ 734,297	\$ -	\$ 2,460,044	29.8489%

CITY OF MANDEVILLE, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2025

A. Total Other Postemployment Benefit Liability (OPEB)

The following actuarial assumptions were used in each of the years in the following table in the OPEB liability valuation:

Year	Discount Rate	Healthcare Costs Trent Rate	Salary Increases	Mortality
2025	5.230%	5.5%, 5yr, then 4.04%	4.400%	115% of Pub-2010 - MP-2021
2024	3.870%	5.5%, 5yr, then 4.14%	3.000%	120% of Pub-2010 - MP-2021
2023	3.810%	5.5%, 5yr, then 4.14%	3.000%	120% of Pub-2010 - MP-2021
2022	3.700%	5.5%, 10yr, then 4.5%	3.000%	SOA RP 2014 Table
2021	2.140%	5.5%, 10yr, then 4.5%	3.000%	SOA RP 2014 Table
2020	2.210%	5.5%, 10yr, then 4.5%	4.000%	SOA RP 2000 Table
2019	2.970%	4.000%	4.000%	RP 2000 50%/50% Unisex
2018	3.880%	5.500%	3.000%	RP 2000 50%/50% Unisex
2017	3.520%	5.500%	3.000%	RP 2000 50%/50% Unisex

B. Net Pension Liability

Changes in assumptions affecting net pension liability are as follows:

The following discount rate changes were made to the pension plans identified in the following table:

Discount Rate:		Discount Rate:	
Year (*)	Discount Rate:	Year (*)	Discount Rate:
MERS		MPERS	
2025	6.850%	2025	6.750%
2024	6.850%	2024	6.750%
2023	6.850%	2023	6.750%
2022	6.850%	2022	6.750%
2021	6.850%	2021	6.750%
2020	6.950%	2020	6.950%
2019	7.000%	2019	7.125%
2018	7.275%	2018	7.200%
2017	7.400%	2017	7.325%
2016	7.500%	2016	7.500%

(*) The amounts presented have a measurement date of the June 30th of year listed.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MANDEVILLE, LOUISIANA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
AS OF AUGUST 31, 2025

	Special Revenue Fund	Debt Service Funds		Total Non- Major Governmental Funds
	Tax Collector Fund	Bond Reserve Fund	Bond Sinking Fund	
ASSETS				
Cash and cash equivalents	\$ -	\$ 653	\$ 18,985	\$ 19,638
Investments	447,934	365,506	107,346	920,786
Accounts receivable, net	2,420	-	-	2,420
TOTAL ASSETS	<u>\$ 450,354</u>	<u>\$ 366,159</u>	<u>\$ 126,331</u>	<u>\$ 942,844</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 352,840	\$ -	\$ -	\$ 352,840
TOTAL LIABILITIES	352,840	-	-	352,840
Fund balances:				
Restricted for:				
Debt service	-	366,159	126,331	492,490
Special programs	97,514	-	-	97,514
TOTAL FUND BALANCES	<u>97,514</u>	<u>366,159</u>	<u>126,331</u>	<u>590,004</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 450,354</u>	 <u>\$ 366,159</u>	 <u>\$ 126,331</u>	 <u>\$ 942,844</u>

CITY OF MANDEVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR-ENDED AUGUST 31, 2025

	<u>Special Revenue Fund</u>	<u>Debt Service Funds:</u>		<u>Total Non- Major Governmental Funds</u>
	<u>Tax Collector Fund</u>	<u>Bond Reserve Fund</u>	<u>Bond Sinking Fund</u>	
REVENUES				
Interest	\$ 19,936	\$ 16,009	\$ 4,875	\$ 40,820
TOTAL REVENUES	19,936	16,009	4,875	40,820
EXPENDITURES				
Current -				
General government	596	511	-	1,107
TOTAL EXPENDITURES	596	511	-	1,107
Net change in fund balance	19,340	15,498	4,875	39,713
Fund balances, beginning	78,174	350,661	121,456	550,291
Fund balances, ending	<u>\$ 97,514</u>	<u>\$ 366,159</u>	<u>\$ 126,331</u>	<u>\$ 590,004</u>

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO CITY COUNCIL MEMBERS
FOR THE YEAR-ENDED AUGUST 31, 2025

Name	Period Active	Amount
Jason Zuckerman	09/01/24 - 08/31/25	\$ 14,400
Scott G. Discon	09/01/24 - 08/31/25	14,400
Cynthia Strong-Thompson	09/01/24 - 08/31/25	14,400
Jill Lane	09/01/24 - 08/31/25	14,400
Kevin S. Vogeltanz	09/01/24 - 08/31/25	14,400
		<u>\$ 72,000</u>

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE MAYOR
FOR THE YEAR-ENDED AUGUST 31, 2025

Agency Head Name:

Clay Madden, Mayor

Purpose:	Amount
Salary	\$ 123,994
Salary - car allowance	6,000
Other salary benefit	460
Benefits-retirement:	
Employee amount	12,399
Employer amount	32,082
Benefits-insurance	13,494
Payroll taxes	7,634
Other - travel and meals	819
Other - cell phone	600
Total	<u>\$ 197,482</u>

CITY OF MANDEVILLE, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING
FOR THE YEAR-ENDED AUGUST 31, 2025

	Amount for 09/01/2024 - 02/28/2025	Amount for 03/01/2025 - 8/31/2025
I. Beginning Cash Balance	\$ -	\$ 3,742
2. Collections		
c. Cash Bonds	700	300
e. Pre-Trial Diversion Program Fees	70,104	64,345
f. Criminal Court Costs/Fees	128,474	109,848
g. Criminal Fines – Contempt	21,770	26,983
h. Criminal Fines – Other/Non-Contempt	158,050	134,827
k. Service Fees	8,534	7,465
l. Collection Fees	8,499	13,358
n. Other	50	-
Total Collected	<u>396,181</u>	<u>357,126</u>
3. Deductions: Collections Retained by the City of Mandeville		
I. Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	33	27
III. Other Amounts "Self-Disbursed"		
c. Cash Bonds	200	475
e. Pre-Trial Diversion Program Fees	70,104	64,345
f. Criminal Court Costs/Fees	46,231	40,223
g. Criminal Fines – Contempt	21,770	26,983
h. Criminal Fines – Other/Non-Contempt	158,050	134,827
n. Other	50	50
Total Collections Retained by the City of Mandeville	<u>296,438</u>	<u>266,930</u>
4. Deductions: Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofits		
a. Collection/Processing Fees Paid to Third Party Entities	17,033	20,823
c. Bond Refunds	300	25
Total Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofits	<u>17,333</u>	<u>20,848</u>
5. Deductions: Total Disbursements to Other Governments & Nonprofits	<u>78,668</u>	<u>66,253</u>
6. Total Amounts Disbursed/Retained	<u>392,439</u>	<u>354,031</u>
7. Ending Cash Balance	<u>\$ 3,742</u>	<u>\$ 6,837</u>
8. Ending Balance of "Partial Payments" Collected but not Disbursed	<u>\$ 3,575</u>	<u>\$ 3,422</u>

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

The Honorable Clay Madden, Mayor
and the Members of the City Council
City of Mandeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mandeville, Louisiana (the City), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Mandeville, Louisiana's basic financial statements, and have issued our report thereon dated August 27, 2026.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-003 that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-004.

City of Mandeville's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
August 27, 2026

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

The Honorable Clay Madden, Mayor
and the Members of the City Council
City of Mandeville, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Mandeville, Louisiana'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 the City of Mandeville, Louisiana's major federal program for the year ended August 31, 2025. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Auditors' 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 the 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 judgment 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Kushner LaGraize, L.L.C.

Metairie, Louisiana
August 27, 2026

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR-ENDED AUGUST 31, 2025

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM NAME	Assistance Listing Number	Pass-Through Granto No.	Expenditures
<u>U.S. Homeland Security - Federal Emergency Management Agency</u>			
Passed Through Louisiana Governor's Office of Homeland Security and Emergency Protection:			
Flood Mitigation Assistance	97.029	FMA-2019-020	\$ 471,925
	97.029	FMA-2022-030	68
	97.029	FMA-2022-034	14,774
	97.029	FMA-2022-049	15,452
			\$ 502,219
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4611DR-LA-PW2387	798,652
	97.036	FEMA-4611DR-LA-PW3023	614,228
	97.036	FEMA-4611DR-LA-PW3079	300,100
	97.036	FEMA-4611DR-LA-PW3806	68,806
	97.036	FEMA-4817DR-LA-PW566	192,871
	97.036	FEMA-4817DR-LA-PW571	29,133
			2,003,790
Total U.S. Department of Homeland Security			2,506,009
<u>United States Department of Transportation</u>			
Passed Through Louisiana Department of Transportation:			
State and Community Highway Safety	20.600 ¹	SRM#2000783847/U4251402.2429	3,250
	20.600 ¹	SRM#2000885356/U4251402.2530	22,035
			25,285
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	SRM#2000783847/U4251641.2328	8,710
	20.608	SRM#2000885356/U4251641.2429	35,848
			44,558
Total United States Department of Transportation			69,843
<u>United States Department of the Treasury</u>			
Passed Through Louisiana Office of Community Development	21.027	LAWSP10930	2,163,399
Coronavirus State and Local Fiscal Recovery Funds	21.027	LAWSP10931	618,051
Total United States Department of Treasury			2,781,450
<u>United States Environmental Protection Agency</u>			
Passed Through Louisiana Department of Culture, Recreation and Tourism			
Healthy Communities Grant Program	66.11	N/A	8,000
Passed Through University of New Orleans Research and Technology Foundation, Inc:			
Geographic Programs - Lake Pontchartrain Basin Restoration Program (PRP)	66.125	BR-01F84101-Subaward 58563E (old) / 5007E (new)	9,753
Total United States Environmental Protection Agency			17,753
TOTAL FEDERAL AWARDS			<u>\$ 5,375,055</u>

¹ Highway Safety Cluster \$ 25,285

CITY OF MANDEVILLE, LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR-ENDED AUGUST 31, 2025

NOTE 1 - GENERAL: The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of Mandeville, Louisiana (the "City"). The City reporting entity is defined in Note 1 to the City's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING: The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements or under specific reporting methods required by certain awards.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS: Federal awards expenditures is reported in the City's financial statements as follows:

Governmental funds intergovernmental revenue	\$ 2,895,916
Proprietary funds intergovernmental revenue	<u>2,791,203</u>
Total intergovernmental revenues	\$ 5,687,119
Less:	
State and local intergovernmental revenue	(306,820)
FEMA Disaster - revenues since expenditures are reported once approved / obligated	(2,009,034)
Plus:	
Disaster fund - Project DR-4611 expenditures	<u>2,003,790</u>
Total adjustments	<u>(312,064)</u>
Total Schedule of Expenditures of Federal Awards	<u><u>\$ 5,375,055</u></u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MATCHING REVENUES For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 6 - DE MINIMUS COST RATE During the year ended August 31, 2025, the City did not elect to use the de minimus cost rate as covered in §200.414 of the Uniform Guidance.

NOTE 7 - AMOUNTS PASSED THROUGH TO SUBRECIPIENTS During the year ended August 31, 2025, the City did not pass through any federal funding to subrecipients.

NOTE 8 - DISASTER GRANTS – PUBLIC ASSISTANCE LISTING 97.036 The FEMA grant expenditures are reported on the SEFA when 1) FEMA has approved the project worksheet (PW), and 2) eligible expenditures have been incurred. At August 31, 2025, FEMA approved \$2,003,790 of eligible expenditures with \$2,003,790 incurred as of August 31, 2022.

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR-ENDED AUGUST 31, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☒ Yes ☐ No

Federal Awards

Internal Control Over Financial Reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ☐ Yes ☒ No

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.029	Flood Mitigation Assistance

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

Auditee Qualified as Low-Risk Auditee? ☐ Yes ☒ No

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR-ENDED AUGUST 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

2025-001 PROCEDURES OVER FINANCIAL STATEMENT CLOSING PROCESS

Criteria: The system of accounting should include procedures and steps necessary to close the accounting period and prepare the documentation necessary to support the financial statements. This includes timely gathering of system reports, schedules, external statements, or preparation of reconciliations, and recording necessary adjustments that are in accordance with accounting standards to evidence the timely and accurate closing of the accounting period and financial reporting.

Condition: Documentation was not completed timely in several accounting areas for the year-end audit of the financial statements. This caused the completion of routine year-end entries to adjust all accounts based on appropriate accounting standards to be significantly delayed. A similar finding was reported in the August 31, 2024 audit.

Cause: The City did not have adequate policies and procedures in place for financial statement close including recording transactions based on applicable accounting standards.

Effect: The lack of complete a detailed financial statement closing process timely and accurately on all accounts and accounting cycles created delays in completing the audit.

Recommendation: The City should implement policies and procedures to ensure the books are closed timely and accurately along with preparing and providing audit documentation to support financial statement balances. Procedures could include a checklist to determine if all year-end transactions are recorded and all year-end closeout and documentation steps are completed. Additionally, internal control procedures should be developed and followed for the closing process to ensure proper preparation, review, and approval of the supporting documentation.

View of Responsible Official and Planned Corrective Action: The City concurs with the finding. The City has made significant changes to its year-end closing and audit preparation processes since the August 31, 2025 fiscal year-end. Finance has developed more structured year-end procedures, including assigned closing responsibilities, supporting schedules and reconciliations, and review of significant balances and accounting estimates.

The City has engaged external accounting assistance, which will continue through the FY2026 audit as a proactive measure to support the year-end close and audit preparation process. This assistance will also include training and knowledge transfer to internal Finance staff to strengthen procedures, improve documentation, and build internal capacity for future year-end closing and financial reporting responsibilities. These procedures will continue to be refined with the goal of completing required reconciliations, adjustments, and supporting documentation earlier in the audit cycle.

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR-ENDED AUGUST 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS - CONTINUED

2025-002 LOCAL GOVERNMENT BUDGET ACT

Criteria: 1) Louisiana Revised Statute 39:1305 requires the estimated and ending fund balance to be included in the budget schedules and adoption and the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year, i.e. the beginning fund balance and any anticipated revenues, 2) Louisiana Revised Statute 39:1307 states the political subdivision shall certify completion of all action required by this Section by publishing a notice in the same manner as is herein provided for the notice of availability of the proposed budget and public hearing, and 3) Louisiana Revised Statute 39:1311 requires the governmental entity to revise its budget when total revenues or expenditures and other sources or uses plus projected revenues or expenditures and other sources and uses for the remainder of the year, within a fund, are failing to meet total respective budgeted amounts.

Condition: During our procedures we noted the following:

- Revenues and other financing sources in the District No. 3 Sales Tax Fund reported unfavorable budget variances of 5% or more.
- The year-end amended budget statements adopted did not include an estimated beginning or ending fund balance which resulted in total proposed expenditures to exceed the total estimated funds available.
- The budget process was not certified after its completion.

Cause: The City did not take the necessary steps to ensure compliance with the requirements of the Louisiana Local Government Budget Act.

Effect: The City is not in compliance with the requirements of certain sections of the Louisiana Local Government Budget Act.

Recommendation: We recommend that the City implement procedures to ensure compliance with all requirements of the Louisiana Local Government Budget Act.

View of Responsible Official and Planned Corrective Action: The City concurs with the finding. Finance has reviewed the requirements of the Louisiana Local Government Budget Act and is incorporating additional compliance steps into the budget and amendment process. The City has already incorporated estimated beginning and ending fund balances into its FY2026 budget documents and year-end amendments, as required. Finance will also perform more frequent variance reviews during the fiscal year to identify funds approaching applicable amendment thresholds and will recommend budget amendments to the City Council when required. In addition, the City will incorporate the required certification and publication procedures into its annual budget process to ensure all statutory steps are completed and documented.

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR-ENDED AUGUST 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS - CONTINUED

2025-003 CONTROLS OVER CAPITALIZED ASSETS AND ACCURACY OF REPORTS

Criteria: A system of internal controls should be in place to provide reasonable assurance that capital assets are properly accounted for including a listing with acquisitions and dispositions that meet the capitalization policies that are established by the City while also safeguarding the assets from unauthorized use. Management is responsible for maintaining an accurate listing of equipment that meet the capitalization policies including the related depreciation calculation on each asset along with a listing of assets purchased and disposed during the year. This listing needs to be reconciled to the financial records where the current ending balance agrees with the prior period listing plus current period purchases coded to respective equipment purchase accounts or capital outlay account, less current period disposals (summary roll-forward). In addition, the procedures should also provide guidelines for identifying and segregating repair and maintenance costs and exclude these costs from being capitalized.

Condition: As noted in prior year, the capital asset and depreciation listing were not properly maintained by the City. Items were maintained in manual spreadsheets which required excessive time and effort to update with the potential for errors to exist. In addition, documents were not readily available to support beginning capital asset values. To address the prior year finding, the City engaged a third-party firm to review, reconcile and update their capital asset and depreciation listing to ensure accuracy and completeness for the year ended August 31, 2025. This engagement took a considerable amount of time and effort, thus resulting in delays in the submission of the capital asset schedules to the auditors for review and testing.

Cause: The above condition resulted from the untimely periodic reconciliations, maintenance and reviews of capital asset listings and records, including reviews and approvals of changes or modifications of asset information recorded on the listing.

Effect: Without proper internal controls over tracking, reporting and reconciliation of capitalized assets, there is a potential for inaccuracies in the capital assets balances and for the financial reports to be materially misstated. The updating of the new capital asset schedules caused delays in submitting the audit timely.

Recommendation: Once all assets are properly recorded and valued, we recommend management implement internal control procedures to ensure that the listing of capitalized assets is timely, accurate, reflects costs qualifying for capitalization and reconciles to the financial records and underlying support. These procedures should include review and approvals of assets recorded or changed on the listing, including periodic reconciliations to the summary roll-forwards, and including inventory counts for moveable capital assets at or near year-end, to ensure that the balances reported on the financial statements are materially correct.

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR-ENDED AUGUST 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS – CONTINUED

2025-003 CONTROLS OVER CAPITALIZED ASSETS AND ACCURACY OF REPORTS – CONTINUED

View of Responsible Official and Planned Corrective Action: The City concurs with the finding. During the FY2025 audit process, the City engaged an external accounting firm to perform a comprehensive review and reconciliation of the City's capital asset records, including reconstruction and correction of historical asset information where necessary. This project established a substantially improved and supportable capital asset listing that will serve as the basis for ongoing accounting and reporting.

The external accounting assistance will continue through the FY2026 audit as a proactive measure and will include training of internal Finance staff on capital asset procedures, reconciliations, documentation, and year-end reporting. Going forward, Finance is implementing procedures to maintain capital asset records on a current basis, including reconciliation of additions and disposals to the general ledger, review of capitalization determinations, documentation of changes to asset records, and periodic physical inventories of movable assets. The City is also evaluating and implementing appropriate fixed asset system functionality to reduce reliance on manually maintained historical spreadsheets and improve the accuracy and efficiency of future reporting.

2025-004 TIMELY SUBMISSION OF AUDIT REPORTS

Criteria: Louisiana Revised Statute 24:513 requires that political subdivisions of the State submit completed audit reports to the Legislative Auditor no later than six months after the fiscal year. Accordingly, the City was required to file their August 31, 2025, audited financial statements by February 28, 2026.

In accordance with the Uniform Guidance, the City is required to submit the annual audit reporting package and Data Collection Form to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

Condition: The City did not meet the February 28, 2026 deadline or May 31, 2026 deadline for reporting to the LLA and the Federal Audit Clearinghouse, respectively.

Cause: Certain information and documentation was not provided timely and accurately which resulted in the audit not being completed by the statutory deadline.

Effect: The City is non-compliant with the state audit law or Uniform Guidance.

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR-ENDED AUGUST 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS – CONTINUED

2025-004 TIMELY SUBMISSION OF AUDIT REPORTS - CONTINUED

Recommendation: We recommend that the City implement procedures to prepare and maintain documentation necessary to support the information in the financial statements earlier and more accurately, for the information to be completed and available for the audit.

View of Responsible Official and Planned Corrective Action: The City concurs with the finding. The delay in completion of the August 31, 2025 audit was primarily the result of the time required to complete year-end accounting procedures, supporting reconciliations, and the comprehensive review and reconstruction of the City's capital asset records.

The City has strengthened its year-end close and audit preparation procedures and has engaged external accounting assistance that will continue through the FY2026 audit as a proactive measure. In addition to assisting with year-end close and audit preparation, the external accountants will provide training and knowledge transfer to internal Finance staff to strengthen procedures, documentation, and internal capacity for future reporting periods.

For the August 31, 2026 fiscal year-end, Finance is beginning audit preparation earlier and implementing more structured procedures for the preparation, review, and retention of audit support. These changes are intended to address the underlying causes of the FY2025 delay and support timely completion and submission of future audits.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST – MAJOR
FEDERAL AWARD PROGRAMS**

None noted.

CITY OF MANDEVILLE, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED AUGUST 31, 2025

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

- 2024-001 – Procedures over financial statement closing process - *Unresolved* - see 2025-001
- 2024-002 – Local Government Budget Act - *Unresolved* – see 2025-002
- 2024-003 – Disaster assistance reimbursement submissions - *Resolved*
- 2024-004 – Controls over capitalized assets and accuracy of reports - *Unresolved* - see 2025-003
- 2024-005 – Audit law - *Unresolved* - see 2025-004
- 2024-006 – Revenue received from garbage collections - *Resolved*
- 2024-007 – Procedures for processing electronic payments to vendor - *Resolved*

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FEDERAL AWARDS

None issued.

SECTION III - MANAGEMENT LETTER

- ML 2024-001 – Sales Tax Paid on Purchases – Resolved
- ML 2024-002 – Time and Attendance Records for All Employees – Resolved

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the City Council and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 1, 2024 through August 31, 2025. The City of Mandeville's management is responsible for those C/C areas identified in the SAUPs.

The City of Mandeville (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 September 1, 2024 through August 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

- I. 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:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

- c) **Disbursements**, including processing, reviewing, and approving.

No exceptions noted.

- d) **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.

No exceptions noted.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions noted.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions noted.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions noted.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions noted.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions noted.

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

No exceptions noted.

Board or Finance Committee

- I. 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:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- b) 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.

No exceptions noted.

- c) 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.

N/A – No negative unassigned fund balance noted.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions noted.

Bank Reconciliations

1. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete.
2. Selected the main operating account and haphazardly selected 4 additional accounts to further examine.
3. For the accounts selected, selected the month of August 2025 and observed the following:
 - a. Observed that bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date

Noted that 2 of 5 bank reconciliations prepared, were not prepared within 2 months of the related statement closing date.

Management's Response:

Management acknowledges that two of the five bank reconciliations selected for testing were not completed within two months of the related statement closing date. The City has strengthened its month-end close procedures and monitoring of bank reconciliations to ensure they are prepared and reviewed timely. Management will continue to monitor completion dates and provide appropriate oversight to maintain compliance with the established two-month timeframe.

- b. Observed that each bank reconciliation showed 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.

No exceptions noted.

- c. Obtained documentation from management reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

No exception noted.

Collections (excluding electronic funds transfers)

1. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Per discussion with management, there is only one deposit site for the fiscal period. Selected the only deposit site.

2. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site.
3. For each collection location obtain and inspect written policies and procedures relating to employee job duties at each collection location such that
 - a. Employees responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

No exceptions noted.

- c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

- d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

4. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted.

5. For each bank account selected (See Tab 3), haphazardly selected 2 deposit dates to obtain supporting documentation for, and observed the following:

- a. Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

- e. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

- I. 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).

Per discussion with Management, only one location.

2. For each location selected under #1 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b. At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

- e. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

3. For each location selected under #1 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:

- a. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

- b. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.

No exceptions noted.

4. 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.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- I. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

No exceptions noted.

2. 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:

Listing of 9 cards and users provided. Randomly selected 5 cards that was used during the period, without exception.

- a. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

No exceptions noted.

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

No exceptions noted.

3. Using the monthly statements or combined statements selected under #12 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted.

4. Using the list of terminated employees obtained in Payroll and Personnel procedure, identify those individuals who had access to cards and randomly select 5 terminated employees from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees’ authorization has been removed.

No exceptions noted.

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

- I. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy.

No exceptions noted.

- d. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

- I. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

Obtained listing of contracts and management's representation the listing is complete, without exception. Randomly selected 5 contracts (see below) for testing.

- a. 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.

Observed proper bid documentation for each contract/agreement, without exception.

- b. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

No exceptions noted.

- c. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

N/A – per management, no contracts were amended during the period.

- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Noted payments examined were in compliance with terms of the agreement, without exception.

Payroll and Personnel

1. 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.

Obtained complete listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete, without exception.

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

- a. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

- b. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

- d. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exception noted.

3. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exception noted.

4. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exception noted.

Ethics

1. Using the 5 randomly selected employees/officials from procedure under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exception noted.

No exception noted.

2. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Per discussion with management, the city's ethics designee is the Human Resource Manager.

Debt Service

1. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

N/A - City has no debt as of 8/31/2025.

2. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

N/A - City has no debt as of 8/31/2025.

Fraud Notice

1. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

N/A - none noted.

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

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

1. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

3. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

4. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

5. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

Prevention of Sexual Harassment

- I. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions noted.

2. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions noted.

3. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

No exceptions noted.

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.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
August 27, 2026