

CITY OF ST. GEORGE, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2025

CITY OF ST. GEORGE, LOUISIANA

TABLE OF CONTENTS

June 30, 2025

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditors' Report		1
Management's Discussion and Analysis		4
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	A	14
Statement of Activities	A-1	15
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	A-2	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	A-3	17
Statement of Revenues, Expenditures, and Changes in Fund Balance	A-4	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	A-5	19
Notes to Financial Statements	A-6	20
Required Supplementary Information:		
Major Fund Budgetary Comparison Schedules:		
General Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B	31
Transition District Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B-1	32
Notes to Required Supplementary Information	B-2	33
Supplementary Information:		
Schedule of Compensation, Benefits and Other Payments to Agency Head	C	35

TABLE OF CONTENTS (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
OTHER INDEPENDENT AUDITORS' REPORTS		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		37
SCHEDULE OF FINDINGS AND RESPONSES		39

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of St. George, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the **CITY OF ST. GEORGE, LOUISIANA (CITY)**, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and each major fund of the City, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison information, and notes to the required supplementary information on pages 30 through 32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing in the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated December 23, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
December 23, 2025

CITY OF ST. GEORGE, LOUISIANA

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

In October 2019, a majority of the voters in the City voted in favor of incorporating the formerly unincorporated area of East Baton Rouge Parish. The incorporation was challenged by the former Mayor-President and the former Mayor Pro-Tempore for the City of Baton Rouge and Parish of East Baton Rouge (City-Parish). Both the trial court and the appellate court denied the incorporation; however, on April 26, 2024, the Louisiana Supreme Court reversed the lower courts and dismissed the challenge to the incorporation.

On June 1, 2020, while the litigation challenging the incorporation was pending, Louisiana Revised Statute 33:3079 was enacted creating the St. George Transition District (District) for the purpose of managing the transition of services and authorizing the levy and collection of a 2% sales and use tax until an election could be held to authorize a municipal sales and use tax.

On May 14, 2024, Governor Jeff Landry appointed an interim mayor and chief of police. On May 23, 2024, Governor Landry appointed the interim members of the Board of Aldermen (changed to City Council upon election). All appointed officials served without pay.

In December of 2024, a majority of the City voters approved a perpetual 2% sales and use tax effective April 1, 2025 for general municipal purposes. The District’s legal authority ceased April 1, 2025. The District is reported as a special revenue fund as part of the primary government.

The City-Parish, the sales and use tax collector for all entities in East Baton Rouge Parish, did not remit any sales and use taxes to the District until May of 2025 pursuant to an Intergovernmental Agreement with the City-Parish. The sales and use taxes remitted to the District after April 1, 2025, were transferred to the General Fund in accordance with Louisiana Revised Statute 33:3079.

In October 2024, prior to receipt of the sales and use taxes as outlined in the Intergovernmental Agreement, the City commenced limited operations. Initial operations were limited to certain administrative and development services, issuance of building permits and related inspections, and collection of occupational license taxes for calendar year 2025.

During the period in which no sales and use taxes were remitted to the City, its appointed officials undertook a logical and thoughtful alignment of its resources to the needs of the community in anticipation of transitioning services from the City-Parish to the City.

As of the completion of the City's first reporting period, the assets of the primary government appeared to exceed its liabilities by approximately \$15.9 million due to the timing of the payments pursuant to the Intergovernmental Agreement. From May 8, 2024 through June 30, 2025, the City-Parish remitted \$13.5 million in sales and use tax to the City as agreed upon and an additional \$3.5 million collected through June 30, 2025, which is shown as a receivable.

The amount of sales and use taxes received for the period of April 24, 2024 through June 30, 2025, pursuant to the Intergovernmental Agreement was significantly lower than the collections the City anticipated to receive in future periods. Due to the receipt of the sales and use tax payments in the last few weeks of the fiscal year, the City was unable to expand its operations until after July 1, 2025.

Significant aspects of the City's financial position, as of and for the period of operations through June 30, 2025, are detailed through this analysis.

USING THIS ANNUAL REPORT

The City's financial statements focus on the government as a whole (government-wide) and on major individual funds.

Both perspectives (government-wide and major funds) allow the reader to address relevant questions, broaden a basis for comparison from year to year, and enhance the City's accountability. Comparative analysis will be provided in future years when prior year information is available.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 and 14) provide information about the activities of the City as a whole.

Fund financial statements start on page 15. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The City's auditors have provided reasonable assurance in their independent auditors' report, located immediately preceding this MD&A, that the financial statements are fairly stated, in all material respects. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each part of this financial report.

Reporting on the City as a Whole

The financial statements of the City as a whole begin on page 13. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way to determine if the City is in better condition as a result of the year's financial results. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the City's net position and related changes. One can think of the City's net position—the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of its financial health. One will need to consider other non-financial factors, such as changes in the City's sales tax base, to assess the overall health of the City.

Since this is the first year of the City's existence, a comparison to the prior year is not attainable. However, in future years, this section will explain the differences between the current- and prior-year assets, liabilities, and changes in net assets.

The Statement of Net Position and the Statement of Activities consist of governmental activities.

Governmental activities - The City's limited first-year operations are reported here and include limited administrative and development activities. All other services were provided by the City-Parish government through an Intergovernmental Agreement whereby the City-Parish retained sales and use taxes and fees collected in the City through June 30, 2025. Occupational license taxes and permit fees funded the majority of the City's limited operations.

At June 30, 2025, the City's net position was \$15.9 million, with approximately \$5,000 reported as restricted and the remainder unrestricted. Restricted net position is normally reported separately to show legal constraints from debt covenants and/or enabling legislation that limits the City's ability to use that net position for day-to-day operations.

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

City of St. George, Louisiana
Statement of Net Position
June 30, 2025

	Governmental Activities
	2025
Current and other assets	\$ 18,742,523
Current and other liabilities	1,858,971
Long-term liabilities	1,000,000
Total liabilities	2,858,971
Net position:	
Restricted	5,155
Unrestricted	15,878,397
Total net position	15,883,552
Total liabilities and net position	\$ 18,742,523

During the City’s initial year of operations, the City’s governmental activities generated total net position of approximately \$15.9 million as of June 30, 2025. Unrestricted net position represents resources that may be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements. Additional details regarding the components of net position are presented later in this analysis.

The results of the City’s initial period of operations for the primary government as a whole, as reported in the Statement of Activities, are summarized as follows:

City of St. George, Louisiana
Statement of Activities
For the year ended June 30, 2025

	<u>Governmental Activities</u>
	<u>2025</u>
Revenues:	
Program revenues:	
Charges for services	\$ 3,437,142
General revenues:	
Sales and use taxes	17,000,000
Interest and other	68,368
Total revenues	20,505,510
Functions/Program expenses:	
General government	2,871,899
Public works	1,641,847
Public safety	71,718
Transportation and development	36,494
Total expenses	4,621,958
Increase in net position	15,883,552
Beginning net position	-
Ending net position	\$ 15,883,552

The net position of almost \$15.9 million is primarily due to the receipt of sales and use taxes pursuant to an Intergovernmental Agreement with the City-Parish in the last two months of the fiscal year.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than generic fund types.

Reporting the City's Most Significant Funds

The City's major funds begin on page 15 with the fund financial statements that provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, the City Council establishes other funds to account for specific sources of funding and spending for particular purposes.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. All of the City's basic services are reported in governmental funds. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Both of the City's governmental funds (Exhibits A-2 and A-3) have been classified as major funds and have been presented using modified accrual basis.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-4.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the City's major special revenue fund and General Fund, which can be found in Exhibits B through B-2.

Financial Analysis of the Governmental Funds

The general government operations of the City are accounted for in the General Fund and special revenue funds. The focus of these funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. The following is a summary of general governmental operations for 2025 by fund type:

	(in thousands)		
	2025		
	General	Special	
	Fund	Revenue Funds	Total
Revenue	\$ 8,500	\$ 12,005	\$ 20,505
Expenditures	4,488	134	4,622
Other financing sources (uses)	12,866	(11,866)	1,000
Net change in fund balance	16,878	5	16,883
Beginning fund balance	-	-	-
Ending fund balance	\$ 16,878	\$ 5	\$ 16,883

The City’s governmental funds show a surplus of \$16.9 million, which represents the City’s total fund balance available at year-end to address any emergencies or unanticipated expenditures. The surplus resulted primarily from the City’s inability to expand its operations by transitioning services from the City-Parish until after July 1, 2025.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, the General Fund reported a fund balance of approximately \$16.9 million for its first year of operations. A significant portion of this balance—approximately \$11.9 million—resulted from the Transition District transferring funds received after April 1, 2025.

The City’s other major governmental fund is the Transition District special revenue fund, which collected sales and use taxes to support the City during the transition period. These taxes were remitted to the City-Parish of East Baton Rouge, which provided certain public services on behalf of the City. As of April 1, 2025, the Transition District Fund ceased operations, and its entire fund balance was transferred to the General Fund, resulting in a zero fund balance in the Transition District Fund as of June 30, 2025.

The City maintains one non-major governmental fund, the Traffic Impact Fund, which is a special revenue type fund that collects fees to support transportation-related improvements associated with new development within the City. The fund balance recorded for the Special Revenue Funds is strictly from the Traffic Impact Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the reporting period, the City’s General Fund operating budget was amended to reflect changes in operations due to the delayed remittances of sales and use taxes by the City-Parish. The most significant changes during the reporting period were as follows:

- Decrease in sales and use tax revenues by \$7,000,000 due to reduced budgeted estimates,
- Decrease in licenses and permits revenues by \$540,000 due to lower cable and telephone franchise fee collections,
- Decrease in general governmental expenditures of \$5,100,000 due to lower budgeted costs for contracted public works services,
- Decrease in public safety expenditures of \$825,000 due to reduced general public safety and security-related costs,
- Increase in transportation and development expenditures of \$100,000 due to high budgeted street maintenance costs,
- Increase in transfers from other funds of \$11,700,000 from the Transition District Fund.

With these adjustments, the budgeted change in fund balance was \$13,700,000 more than the original budgeted fund balance of \$179,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City elected to capitalize infrastructure assets, such as roads and bridges, on a prospective basis as a Phase 3 government, which is provided for in GASB No. 34. However, the City does not own any capital assets as of June 30, 2025.

Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Notes Payable	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -

More detailed information about the City’s long-term liabilities is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City's elected and appointed officials considered many factors in developing the fiscal year 2026 budget and establishing tax rates, including national, state, and local economic conditions. An important factor affecting the budget is sales tax collections, which represent approximately 92% of the City's budgeted revenue. Growth in sales tax revenue is projected for the 2025–2026 fiscal year.

At the start of fiscal year 2026, the Parish is to remit 100% of the sales tax collected within the City. The result of this is reflected in the General Fund's budgeted revenue which is expected to increase by approximately 570% to \$58.7 million compared to the final fiscal year 2025 budget. Budgeted expenditures are also projected to increase by approximately 688% to \$44.4 million. Sales and use tax revenue is expected to increase by about \$49 million, while expenditures for City operations are estimated to rise by approximately \$32 million. The increase in expenditures is primarily attributable to the City establishing its own departments and operational functions, which were previously performed by the Parish during the year ended June 30, 2025.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Office at (225) 228-3200, www.stgeorgela.gov or 11207 Proverbs Avenue, Baton Rouge, Louisiana, 70816.

CITY OF ST. GEORGE, LOUISIANA
BASIC FINANCIAL STATEMENTS

CITY OF ST. GEORGE, LOUISIANA
STATEMENT OF NET POSITION

June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 15,192,162
Accounts receivable	3,520,361
Prepaid and other assets	<u>30,000</u>
Total assets	<u>\$ 18,742,523</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 1,858,971
Long-term liabilities:	
Notes payable	<u>1,000,000</u>
Total liabilities	<u>2,858,971</u>
NET POSITION	
Restricted for transportation improvements	5,155
Unrestricted	<u>15,878,397</u>
Total net position	<u>15,883,552</u>
Total liabilities and net position	<u>\$ 18,742,523</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF ST. GEORGE, LOUISIANA
STATEMENT OF ACTIVITIES

For the year ended June 30, 2025

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 2,871,899	\$ 3,437,142	\$ -	\$ -	\$ 565,243
Public works	1,641,847	-	-	-	(1,641,847)
Public safety	71,718	-	-	-	(71,718)
Transportation and development	36,494	-	-	-	(36,494)
Total	\$ 4,621,958	\$ 3,437,142	\$ -	\$ -	(1,184,816)
 General revenues:					
Taxes:					
Sales and use					17,000,000
Interest and other					68,368
Total general revenues					17,068,368
Change in net position					15,883,552
Net position - beginning of year					-
Net position - end of year					\$ 15,883,552

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF ST. GEORGE, LOUISIANA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2025

	General	Transition District	Nonmajor Fund Traffic Impact	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 15,192,162	\$ -	\$ -	\$ 15,192,162
Accounts receivable	3,515,206	-	5,155	3,520,361
Prepaid and other assets	30,000	-	-	30,000
Total assets	<u>\$ 18,737,368</u>	<u>\$ -</u>	<u>\$ 5,155</u>	<u>\$ 18,742,523</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>\$ 1,858,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,858,971</u>
FUND BALANCE				
Nonspendable	30,000	-	-	30,000
Restricted	-	-	5,155	5,155
Unassigned	16,848,397	-	-	16,848,397
Total fund balance	<u>16,878,397</u>	<u>-</u>	<u>5,155</u>	<u>16,883,552</u>
Total liabilities and fund balance	<u>\$ 18,737,368</u>	<u>\$ -</u>	<u>\$ 5,155</u>	<u>\$ 18,742,523</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF ST. GEORGE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2025

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

Total fund balances - governmental funds (Exhibit A-2)	\$ 16,883,552
Liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Notes payable	<u>(1,000,000)</u>
Net position of governmental activities (Exhibit A)	<u>\$ 15,883,552</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF ST. GEORGE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the year ended June 30, 2025

	General	Transition District	Nonmajor Fund	
			Traffic Impact	Governmental Funds
REVENUES				
Sales and use taxes	\$ 5,000,000	\$ 12,000,000	\$ -	\$ 17,000,000
Charges for services	63,160	-	5,155	68,315
Licenses and permits	3,368,827	-	-	3,368,827
Interest income and other	68,368	-	-	68,368
Total revenues	<u>8,500,355</u>	<u>12,000,000</u>	<u>5,155</u>	<u>20,505,510</u>
EXPENDITURES				
Current function:				
General government	2,737,549	134,350	-	2,871,899
Public works	1,641,847	-	-	1,641,847
Public safety	71,718	-	-	71,718
Transportation and development	36,494	-	-	36,494
Total expenditures	<u>4,487,608</u>	<u>134,350</u>	<u>-</u>	<u>4,621,958</u>
Excess of revenues over expenditures	4,012,747	11,865,650	5,155	15,883,552
OTHER FINANCING SOURCES (USES)				
Transfers in	11,865,650	-	-	11,865,650
Proceeds from issuance of debt	1,000,000	-	-	1,000,000
Transfers out	-	(11,865,650)	-	(11,865,650)
Total other financing sources (uses)	<u>12,865,650</u>	<u>(11,865,650)</u>	<u>-</u>	<u>1,000,000</u>
Net change in fund balance	16,878,397	-	5,155	16,883,552
FUND BALANCE				
Beginning of year	-	-	-	-
End of year	<u>\$ 16,878,397</u>	<u>\$ -</u>	<u>\$ 5,155</u>	<u>\$ 16,883,552</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF ST. GEORGE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2025

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

Net change in fund balance - total governmental fund (Exhibit A-4)	\$ 16,883,552
<p>The issuance of long-term debt provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long term liabilities and does not affect the statement of activities. Similarly, payment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.</p>	
Proceeds from issuance of debt	(1,000,000)
Change in net position of governmental activities (Exhibit A-1)	\$ 15,883,552

CITY OF ST. GEORGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On October 12, 2019, voters in the proposed boundaries of the City of St. George (the City) approved incorporation. The Louisiana Supreme Court upheld incorporation on April 26, 2024, and election of the City's inaugural municipal officers took place on March 29, 2025, whose terms were effective July 1, 2025.

Statement Presentation

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

Reporting Entity

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

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

1. Appointing a voting majority of an organization's governing body and,
 - a. The ability of the City to impose its will on that organization and/or,
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but which are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the Organization is not included because of the nature or significance of the relationship.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

As required by generally accepted accounting principles, these financial statements present the City and, where applicable, its component units. Based on the previous criteria, the City has included the following component unit in the financial reporting entity:

Blended Component Unit

The St. George Transition District (District) is reported as part of the primary government in the financial statements of the City. The District is a special taxing district to levy and collect a two percent sales and use tax within the City limits to be used to support the operations and needs of the City and its constituents. The District ceased operations in April 2025, when the City government commenced operations.

Basis of Presentation

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

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the City. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. *Governmental activities* generally are financed through taxes, charges for services, intergovernmental revenues, investment income, and other nonexchange revenues.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) or fund types are summarized into a single column in the basic financial statements. The City has one nonmajor fund that is a special revenue fund type, the Traffic Impact Fund.

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

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

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

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

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

Governmental Fund Types

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (Continued)

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted, committed, or assigned to expenditures for specified purposes. The special revenue fund that is considered a major fund is the Transition District Fund.

Basis of Accounting and Measurement Focus

Government-wide financial statements

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

Fund financial statements

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents for the City include each individual fund's operating cash accounts.

Accounts Receivable and Due from Other Governments

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. For governmental activities, uncollectible amounts due for receivables and due from other governments are recognized as bad debts through the use of an allowance account or expensed at the time information becomes available indicating that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. No allowance has been recorded at June 30, 2025.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of revenue notes payable issued by the City for the year ended June 30, 2025.

Interfund Transfers

Advances between funds which are not expected to be repaid are accounted for as transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

In those cases where repayment is expected, the advances are accounted for through the various interfund accounts.

Governmental Fund Balances

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances (Continued)

Use of Restricted Resources

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

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

Fund balance represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The General Fund is the only fund that can maintain a positive unassigned fund balance.

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Mayor to the City Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to adoption of the budget.

The annual operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments are approved by the City Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent period.

Such designation represents the extent to which the fund balance is used to balance the subsequent period's operating budget of that fund, as reflected in the legally adopted budget.

Estimates

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

Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 23, 2025, which was the date the financial statements were available to be issued. See Note 9.

NOTE 2 - CASH AND CASH EQUIVALENTS

The City is authorized by LA R.S. 39:1211-1245 and 33:2955 to invest temporarily idle monies in United States bonds, treasury notes, commercial paper, certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments, or any other investment allowed by state statute for local governments. As of June 30, 2025, the City had no investments.

At June 30, 2025, the carrying amount of the City's deposits totaled \$15,192,162 and the related bank balances were \$15,239,673.

The above stated bank balances for the City are collateralized as follows:

	Amount
Category 1 - Amount insured by the FDIC	\$ 500,000
Category 2 - Amount collateralized with securities held by pledging financial institution's trust department in the City's name	14,739,673
Total bank balances	\$ 15,239,673

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. Additionally, state law requires that deposits be fully secured. At June 30, 2025, the City's deposits were not exposed to any custodial risk.

As of June 30, 2025, the City had obtained pledged securities held by the financial institution, in the City's name, sufficient to cover all deposited funds in excess of FDIC insurance.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025 were as follows:

	Amount
Sales and use tax	\$ 3,500,000
Other	20,361
Total primary government	\$ 3,520,361

(Continued)

NOTE 4 - LONG-TERM LIABILITIES

On December 10, 2024, the City Council adopted a resolution giving preliminary approval to the issuance of not to exceed \$20,000,000 of Revenue Notes for start-up and ongoing costs of providing essential City services and other operating expenses.

The notes were authorized for a term not to exceed ten years and an interest not exceeding 8% per annum. The interest rate at closing was 8.0%.

For the year ended June 30, 2025, the City had one drawdown of \$1,000,000 on the Revenue Notes on March 12, 2025.

Future debt service requirements to maturity are as follows:

Year Ending June 30,	Revenue Note Series 2025		
	Principal	Interest	Total
2026	\$ -	\$ 70,889	\$ 70,889
2027	-	80,000	80,000
2028	-	80,000	80,000
2029	-	80,000	80,000
2030	-	80,000	80,000
2031-2035	1,000,000	297,336	1,297,336
	\$ 1,000,000	\$ 688,225	\$ 1,688,225

NOTE 5 - COMMITMENTS & CONTINGENCIES

Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance.

Commitments

During the year, the City rented space from the St. George Fire Protection District until the City could purchase a facility to be utilized as City Hall. The total of these payments during the year ended June 30, 2025 was \$113,762.

The City executed a purchase agreement for a City Hall building in June 2025. Per the agreement, the City is allowed to rent the space until the purchase is finalized. During the year ended June 30, 2025, the City made one rental payment in the amount of \$8,729 to Provoco Holdings, LLC. See Note 9.

NOTE 6 - INTERGOVERNMENTAL AGREEMENTS

Transition of Services and Funding

The City entered into an intergovernmental agreement whereby the Parish agreed to provide all services provided to the City, prior to its incorporation, and to the unincorporated areas of the Parish including but not limited to services provided by the Animal Control Department, the Consolidated Sewer District, the Consolidated Garbage District, and the Department of Public Works.

In consideration for the services provided by the Parish, the Parish will retain 100% of the Parish sales and use tax collected in the City from April 26, 2024 through June 30, 2024. Further, the Parish remitted \$1,250,000 per month from the Parish sales and use tax collected in the City during the months of July through December 2024, and \$1,500,000 per month for the tax collected from January through May 2025. For June 2025, the Parish remitted \$2,000,000 to the City from the sales and use tax collected in the City. The remainder of all sales and use tax collected by the Parish in the City from July 1, 2024 through June 30, 2025 will be maintained by the Parish for the services rendered to the City. During the year ended June 30, 2025, \$17,000,000 was remitted to the City for sales and use tax collected by the Parish within the City.

Beginning July 2025, the Parish will remit 100% of the sales tax collected to the City.

This agreement will remain in effect until mutually canceled by the parties or after ninety days written notice by one party to the other.

City Operations Services Agreement

The City entered into an agreement with the Institute for Building Technology and Safety (IBTS) on October 16, 2024, to provide finance and administrative services for City operations through June 30, 2025. In consideration for the services provided by IBTS under this contract, the City will pay \$143,000 per month, a one-time fee of \$66,259 for software and configuration setup, and an additional fee of \$43,376 for IBTS to purchase a finance software package.

The City also entered into a separate agreement with IBTS on October 1, 2024, for IBTS to provide community development services through June 30, 2025. Under this contract, IBTS will retain fees collected for planning and zoning activities, capped at \$412,579 for the term of the agreement. IBTS will also retain 90% of all building and permit fees collected on behalf of the City as its fee for services, with the remaining 10% remitted to the City monthly. Further, the City is to pay IBTS \$6,403 per month for mobilization costs.

NOTE 7 - NET POSITION AND GOVERNMENTAL FUND BALANCES

Restricted Net Position and Fund Balance

At June 30, 2025, the City reported restricted fund balance of \$5,155 in the nonmajor special revenue fund. These resources are restricted for transportation system improvements and may be used only for costs associated with mitigating traffic impacts from new development.

Unassigned Net Position and Fund Balance

Unassigned fund balance represents resources available for any purpose in the General Fund. At June 30, 2025, the General Fund reported unassigned fund balance of \$16,848,397. No other governmental funds may report a positive unassigned fund balance.

Other Classifications

At June 30, 2025, the City had no nonspendable, committed, or assigned fund balance.

NOTE 8 - INTERFUND TRANSFERS

The interfund transfers of the primary government at June 30, 2025 were as follows:

<u>Individual Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary government activities:		
General Fund:		
Transition District Fund	\$ 11,865,650	\$ -
Transition District Fund:		
General Fund	-	11,865,650
Total primary government	<u>\$ 11,865,650</u>	<u>\$ 11,865,650</u>

NOTE 9 - SUBSEQUENT EVENT

On June 24, 2025, the City Council amended the December 10, 2024 resolution to provide for the additional purpose of acquiring, constructing and improving property and facilities with the City.

On July 22, 2025, the City Council authorized a second draw of \$3,000,000 to purchase the City Hall building on Proverbs Avenue for \$2,915,000. The Council approved the purchase on June 24, 2025, with the cash sale occurring August 5, 2025. The interest rate on the second draw is 4.65%

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ST. GEORGE, LOUISIANA
GENERAL FUND**

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

For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Sales and use taxes	\$ 12,043,600	\$ 5,043,600	\$ 5,000,000	\$ (43,600)
Charges for services	48,000	48,000	63,160	15,160
Licenses and permits	4,210,000	3,670,000	3,368,827	(301,173)
Interest income and other	-	-	68,368	68,368
Total revenues	<u>16,301,600</u>	<u>8,761,600</u>	<u>8,500,355</u>	<u>(261,245)</u>
EXPENDITURES				
Current function:				
General government	5,271,279	5,877,203	2,737,549	3,139,654
Public works	9,770,000	400,000	1,641,847	(1,241,847)
Public safety	1,016,500	191,500	71,718	119,782
Transportation and development	<u>65,000</u>	<u>165,000</u>	<u>36,494</u>	<u>128,506</u>
Total expenditures	<u>16,122,779</u>	<u>6,633,703</u>	<u>4,487,608</u>	<u>2,146,095</u>
Excess of revenues over expenditures	178,821	2,127,897	4,012,747	1,884,850
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	-	-	1,000,000	1,000,000
Transfers in	<u>-</u>	<u>11,713,500</u>	<u>11,865,650</u>	<u>(152,150)</u>
Total other financing sources	<u>-</u>	<u>11,713,500</u>	<u>12,865,650</u>	<u>847,850</u>
Net change in fund balance	<u>\$ 178,821</u>	<u>\$ 13,841,397</u>	<u>16,878,397</u>	<u>\$ 2,732,700</u>
FUND BALANCE				
Beginning of year			<u>-</u>	
End of year			<u>\$ 16,878,397</u>	

**CITY OF ST. GEORGE, LOUISIANA
TRANSITION DISTRICT FUND**

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

For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Sales and use tax	\$ 36,000,000	\$ 12,000,000	\$ 12,000,000	\$ -
EXPENDITURES				
Current function:				
General government	24,500,000	286,500	134,350	152,150
Excess of revenues over expenditures	11,500,000	11,713,500	11,865,650	152,150
OTHER FINANCING USES				
Transfers out	(11,500,000)	(11,713,500)	(11,865,650)	(152,150)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE				
Beginning of year			-	
End of year			<u>\$ -</u>	

CITY OF ST. GEORGE, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2025

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Mayor to the City Council prior to the beginning of each fiscal period. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the adoption of the budget.

The operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments are approved by the City Council and are included in the financial statements.

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

Basis of Accounting

All of the City's funds' budgets are prepared on the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements for the year ended June 30, 2025. The City's basis of budgetary accounting follows generally accepted accounting principles.

SUPPLEMENTARY INFORMATION

CITY OF ST. GEORGE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD

For the fiscal year ended June 30, 2025

Agency Head: Dustin Yates, Mayor

No compensation paid from public funds.

OTHER INDEPENDENT AUDITORS' REPORTS

CITY OF ST. GEORGE, LOUISIANA

For the year ended June 30, 2025

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

The Honorable Mayor and
Members of the City Council,
City of St. George, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the **CITY OF ST. GEORGE, LOUISIANA (CITY)** as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 23, 2025.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
December 23, 2025

CITY OF ST. GEORGE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2025

1) Summary of Auditors' Results:

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

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

Material weaknesses: **None.**

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

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

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

4) FINDINGS – FINANCIAL STATEMENT

None.

5) FINDINGS – NONCOMPLIANCE

None.

CITY OF ST. GEORGE, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended June 30, 2024

None reported.

CITY OF ST. GEORGE, LOUISIANA

MANAGEMENT LETTER

June 30, 2025

The Honorable Mayor and
Members of the City Council
City of St. George, Louisiana

We have audited the financial statements of the **CITY OF ST. GEORGE** (the City) for the year ended June 30, 2025 and have issued our report thereon. As part of our audit, we considered internal accounting control to the extent we determined necessary to plan our audit as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal controls or expressing an opinion on compliance. Also, in accordance with compliance with certain laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls or operating efficiencies. Our comments and suggestions regarding these matters are set forth below. This letter does not affect our reports dated December 23, 2025, on the financial statements of the City's internal control over financial reporting.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various personnel of the City, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendation. Our comments are summarized on Exhibit 1.

This report is intended solely for the information and use for the City's Council, management, and Louisiana Legislative Auditor, and is not intended to be and should be used by anyone other than these specified parties. Under Louisiana Revised Statutes 12:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 23, 2025

2025-001 Journal Entries

Observation: During our audit, we noted that the City does not have formal controls in place to review or approve journal entries. Journal entries can be recorded and posted to the general ledger without independent review. Because the City is in its first year of operation, lack of formal procedures were expected.

Recommendation: We suggest that management implement formal procedures surrounding posting journal entries to support financial reporting accuracy. Good internal control over financial reporting requires the city to have formal procedures to ensure that all journal entries are accurate and properly authorized. This is to help prevent errors or irregularities in financial statements.

Management's Response: Management of the City agrees with the recommendation above and intends to implement formal procedures over posting journal entries.