

**CITY OF GONZALES, LOUISIANA**

**FINANCIAL STATEMENTS**

May 31, 2025



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

# CITY OF GONZALES, LOUISIANA

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Members of the City Council  
City of Gonzales, 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 Gonzales, Louisiana, as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Gonzales, Louisiana's basic financial statements as listed in the table of contents.

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

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Gonzales, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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



To the Honorable Mayor and Members of the City Council  
City of Gonzales, Louisiana  
February 23, 2026

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 of Gonzales, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gonzales, Louisiana's ability to continue as a going concern for a reasonable period of time.



To the Honorable Mayor and Members of the City Council  
City of Gonzales, Louisiana  
February 23, 2026

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 5-14 and budgetary comparison information, the schedule of proportionate share of net pension liability, the schedule of pension contributions the schedule of changes in net other post-employment benefits liability and related ratios, and notes to required supplementary information on pages 68-81 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 of Gonzales, Louisiana's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head is presented to comply with the Act 706 of the 2014 Louisiana Legislative Session and the accompanying schedule of justice system funding schedule are presented to comply with Act 87 of the 2020 Louisiana Legislative Session are presented for additional analysis and are not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**ERICKSEN KRENTEL**<sup>LLP</sup>

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Honorable Mayor and Members of the City Council  
City of Gonzales, Louisiana  
February 23, 2026

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2026, on our consideration of the City of Gonzales, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Gonzales, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Gonzales, Louisiana's internal control over financial reporting and compliance.

February 23, 2026  
Baton Rouge, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

## **CITY OF GONZALES, LOUISIANA MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our analysis of the City of Gonzales, Louisiana, (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended May 31, 2025. Please read it in conjunction with the City's financial statements which begin on page 15. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts.

### **FINANCIAL HIGHLIGHTS**

In 2025, the City of Gonzales had governmental revenues increase compared to the prior year by approximately \$3.2 million which is primarily attributable to increases in sales tax collections of \$1.1 million combined with nonemployer contributions to the City's pension plans of \$1.7 million during 2025. Governmental expenses and transfers to business-type activities recognized a net increase of approximately \$1.7 million in comparison to the prior year. All City funds continue to be maintained with sufficient fund balance that represents adequate net worth. Although community demands have increased with the ongoing economic development, the City has been responsible with its available resources.

The major financial highlights for 2025 are as follows:

- Assets and deferred outflows of resources of the City's primary government exceeded its liabilities and deferred inflows of resources at the close of the year by approximately \$103.7 million (net position). Of this amount, approximately \$2.3 million is unrestricted.
- The primary governments' total net position increased by approximately \$7.2 million during 2025.
- Governmental activities' net position increased by approximately \$4.5 million.
- Business-type activities' total net position increased by approximately \$2.7 million.

Significant aspects of the City's financial well-being, as of and for the year ended June 30, 2025, are detailed throughout this analysis.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 and 16) 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 17. For governmental funds, 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.

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

### **Reporting on the City as a Whole**

Our analysis of the City as a whole begins on page 15. 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, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the City's net position and related changes. One can consider the City's net position—the difference between assets plus deferred outflows and liabilities plus deferred inflows—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 whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property and sales tax base and the condition of the City's roads and buildings, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

**Governmental activities** - Most of the City's basic services are reported here, including general government, public safety, streets and drainage, sanitation, recreation, buildings and grounds, civic center, code enforcement, and economic development. Property and sales taxes, charges for services, and state and federal grants finance most of these activities.

**Business-type activities** - The City charges a fee to customers to help cover the cost of the utility services it provides, including water, gas, and sewer.

(Continued)

The analysis below of the primary government focuses on the net position and change in net position of the City's governmental and business-type activities.

City of Gonzales, Louisiana  
Statement of Net Position  
May 31, 2025 and 2024  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024 (Restated)	2025	2024	2025	2024
Current and other assets	\$ 22,299	\$ 24,237	\$ 11,468	\$ 10,843	\$ 33,767	\$ 35,080
Capital assets	67,107	63,189	48,374	47,058	115,481	110,247
Total assets	<u>89,406</u>	<u>87,426</u>	<u>59,842</u>	<u>57,901</u>	<u>149,248</u>	<u>145,327</u>
Deferred outflows	5,130	7,425	950	1,313	6,080	8,738
Current and other liabilities	5,025	6,240	2,081	1,800	7,106	8,040
Long-term liabilities	26,386	31,478	13,362	15,099	39,748	46,577
Total liabilities	<u>31,411</u>	<u>37,718</u>	<u>15,443</u>	<u>16,899</u>	<u>46,854</u>	<u>54,617</u>
Deferred inflows	3,861	2,406	932	605	4,793	3,011
Net position (deficit):						
Net investment in capital assets	61,365	57,204	37,340	35,312	98,705	92,516
Restricted	2,050	1,750	605	613	2,655	2,363
Unrestricted (deficit)	<u>(4,151)</u>	<u>(4,227)</u>	<u>6,472</u>	<u>5,785</u>	<u>2,321</u>	<u>1,558</u>
Total net position	<u>\$ 59,264</u>	<u>\$ 54,727</u>	<u>\$ 44,417</u>	<u>\$ 41,710</u>	<u>\$ 103,681</u>	<u>\$ 96,437</u>

At May 31, 2025, the City's net position was \$103.7 million, of which \$2.3 million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the City's ability to use that net position for day-to-day operations.

Net position of the City's governmental activities increased by approximately \$4.5 million during 2025. Governmental unrestricted net position, which increased by \$76,000, represents the portion of the City's resources that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, which is in a deficit as of 2025. The increase in net position of governmental activities is primarily attributable to increases in sales and ad valorem taxes. Increases in sales and ad-valorem taxes are driven by economic growth within the City and Ascension Parish and property value reassessments, respectively.

(Continued)

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

City of Gonzales, Louisiana  
Changes in Net Position  
For the years ended May 31, 2025 and 2024  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	(As restated)					
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 4,683	\$ 2,795	\$ 8,412	\$ 7,030	\$ 13,095	\$ 9,825
Operating grants/contributions	655	2,453	-	-	655	2,453
Capital grants/contributions	2,048	993	-	-	2,048	993
General revenues:						
Taxes	24,566	23,838	1,014	986	25,580	24,824
Other general revenues	<u>3,650</u>	<u>2,275</u>	<u>1,019</u>	<u>1,203</u>	<u>4,669</u>	<u>3,478</u>
Total revenues	<u>35,602</u>	<u>32,354</u>	<u>10,445</u>	<u>9,219</u>	<u>46,047</u>	<u>41,573</u>
<b>Functions/Program Expenses:</b>						
General government	4,212	3,404	-	-	4,212	3,404
Public safety:						
Police	10,347	7,869	-	-	10,347	7,869
Fire	5,331	6,721	-	-	5,331	6,721
Streets and drainage	3,437	3,028	-	-	3,437	3,028
Sanitation	1,374	1,346	-	-	1,374	1,346
Recreation, buildings, and grounds	3,722	2,364	-	-	3,722	2,364
Code enforcement	586	574	-	-	586	574
Economic development	695	1,576	-	-	695	1,576
Utility	-	-	8,798	9,641	8,798	9,641
Interest on long-term debt	<u>301</u>	<u>236</u>	<u>-</u>	<u>-</u>	<u>301</u>	<u>236</u>
Total expenses	<u>30,005</u>	<u>27,118</u>	<u>8,798</u>	<u>9,641</u>	<u>38,803</u>	<u>36,759</u>
Increase (decrease) in net position before transfers	5,597	5,236	1,647	(422)	7,244	4,814
Transfers, net	<u>(1,060)</u>	<u>(2,295)</u>	<u>1,060</u>	<u>2,295</u>	<u>-</u>	<u>-</u>
Change in net position	4,537	2,941	2,707	1,873	7,244	4,814
Beginning net position, restated	<u>54,727</u>	<u>51,786</u>	<u>41,710</u>	<u>39,837</u>	<u>96,437</u>	<u>91,623</u>
Ending net position	<u>\$ 59,264</u>	<u>\$ 54,727</u>	<u>\$ 44,417</u>	<u>\$ 41,710</u>	<u>\$ 103,681</u>	<u>\$ 96,437</u>

### Fund Financial Statements

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

## **Reporting the City's Most Significant Funds**

An analysis of the City's major funds begins on page 17 with the fund financial statements that provide detailed information about the most significant funds and 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 control and manage financial resources for particular purposes or meeting legal responsibilities for using certain taxes, grants, and other assets. The City has three kinds of funds: governmental, proprietary, and fiduciary.

**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. Most of the City's basic services are reported in governmental funds. These funds use the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation to the financial statements. The basic governmental funds (Exhibits A-2 and A-4) presentation is presented using modified accrual basis and focuses on the City's five major funds.

**Proprietary fund** - When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The proprietary fund (Exhibits A-6 through A-8) presentation is presented using full accrual basis.

**Fiduciary fund** - Fiduciary funds are custodial in nature and do not involve measurement of results of operations. When the City receives a depository of police evidence, these deposits are generally reported in the fiduciary fund. The fiduciary fund (Exhibits A-9 and A-10) presentation is presented using full 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-11.

**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 general fund and major special revenue funds, the Schedule of Proportionate Shares of Net Pension Liability and Pension Contributions, Schedule of Changes in Net Other Post-Employment Benefits and Related Ratios, and Notes to Required Supplementary Information. See Exhibit B through B-7.

Certain supplementary financial information can be found in Exhibits C through C-1. These schedules are included for additional information and analysis and do not constitute a part of the basic financial statements.

### Financial Analysis of the Government's Funds

The government operations of the City are accounted for in the General Fund, Capital Project Fund, and the other Special Revenue Funds. The focus of these funds, as noted earlier, 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 Fund	Capital Projects Fund	Special Revenue Funds	Totals
Revenues & other financing sources	\$ 24,951	\$ 12,259	\$ 2,064	\$ 39,274
Expenditures & other financing uses	26,236	11,390	1,763	39,389
Surplus (deficit)	(1,285)	869	301	(115)
Fund balance, May 31, 2024	16,622	201	1,749	18,572
Fund balance, May 31, 2025	<u>\$ 15,337</u>	<u>\$ 1,070</u>	<u>\$ 2,050</u>	<u>\$ 18,457</u>

The following is a summary of general governmental operations for 2024 by fund type:

	(in thousands)			
	2024			
	General Fund	Capital Projects Fund	Special Revenue Funds	Totals
Revenue & other financing sources	\$ 22,920	\$ 24,124	\$ 2,194	\$ 49,238
Expenditures & other financing uses	23,754	24,070	7,094	54,918
Surplus (deficit)	(834)	54	(4,900)	(5,680)
Fund balance, May 31, 2023	17,456	147	6,649	24,252
Fund balance, May 31, 2024	<u>\$ 16,622</u>	<u>\$ 201</u>	<u>\$ 1,749</u>	<u>\$ 18,572</u>

The City’s governmental funds experienced a deficit of approximately \$115,000 in 2025. At year end, fund balances were approximately \$18.5 million. Approximately \$15.3 million is unassigned and available for utilization at the City’s discretion.

The remainder of the fund balance has been restricted or classified as nonspendable. These restrictions are for infrastructure and maintenance, public improvements, and economic development.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, fund balance of the General Fund was approximately \$15.3 million compared to the fund balance of \$16.6 million in 2024.

The City’s other major funds are the Capital Projects Fund, Tanger Mall Economic Development District, Conway Economic Development District, and PACE Center Economic Development District. The Capital Projects Fund realized a net surplus of approximately \$869,000, after transfers and other financing sources. The City’s Capital Projects Fund expenditures were related to the ongoing infrastructure and maintenance and public improvements projects within the City. The City’s major special revenue funds realized a net surplus of approximately \$301,000. The primary expenditures of these funds are related to economic development activity that is funded by dedicated sales tax revenues.

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

Source of Revenue	(in thousands)			
	2025		2024	
	Revenues	Percent	Revenues	Percent
Taxes	\$ 24,567	74	\$ 23,420	73
Intergovernmental	2,703	8	3,446	11
Charges for services	4,682	14	3,932	12
Miscellaneous and other	1,221	4	1,172	4
Total	<u>\$ 33,173</u>	<u>100</u>	<u>\$ 31,970</u>	<u>100</u>

Revenues of the primary government for general governmental fund types for 2025 totaled \$33.2 million, compared to \$32.0 million for the previous year, representing approximately a \$1.2 million or 4% increase. The increase in revenue is primarily due to taxes experiencing a significant increase during the current year. As displayed above, tax revenues make up the largest stream of funding for the City, which is approximately 74% and 73% of total revenues for 2025 and 2024, respectively.

(Continued)

Sources of governmental expenditures, excluding transfers and other financing uses, are summarized below.

Function	(in thousands)			
	2025		2024	
	Expenditures	Percent	Expenditures	Percent
General government	\$ 3,051	9	\$ 3,391	8
Public safety	13,559	41	13,622	33
Streets and drainage	2,146	6	3,453	8
Sanitation	1,375	4	1,336	3
Recreation, buildings, and grounds	3,187	10	630	3
Code enforcement	533	2	531	1
Economic development	695	2	1,231	3
Debt service	916	3	738	2
Capital outlay	7,868	23	16,113	39
Total	<u>\$ 33,330</u>	<u>100</u>	<u>\$ 41,045</u>	<u>100</u>

The expenditures of the primary government’s governmental fund types decreased by approximately \$7.7 million in 2025 compared to the prior year. Governmental expenditures for each major function are summarized in the preceding table.

The decrease in overall expenditures is attributable to the \$8.2 million decrease in the capital outlay function. The decrease is a result of the completion of the PACE Center capital project during the prior year.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the City’s General Fund’s budget was amended. The amendment of the operating and capital budgets is a customary practice of the City and is reflective of the change that occurs with financial related matters throughout the fiscal year. The most significant change during 2025 was as follows:

- To increase in ad valorem taxes revenue by approximately \$700,000, or 66% of the City’s original budget.
- To decrease intergovernmental federal grants revenue by approximately \$1 million, or 85% of the City’s original budget.
- To increase public safety expenditures by approximately \$700,000, or 5% of the City’s original budget.
- To decrease civic center expenditures by approximately \$90,000, or 100% of the City’s original budget.

With these adjustments, the actual charges to appropriations (expenditures) were \$887,000 less than the related final budget appropriations of \$22.1 million. The net decrease in fund balance for the General Fund for 2025 was \$1.3 million and the related fund balance was \$15.3 million at year end.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2025, the City had approximately \$115.5 million invested in a broad range of capital assets, including vehicles, fire equipment, computer equipment, lease assets, office furniture, land, buildings, and park facilities. This amount represents a \$5.2 million net increase compared to the prior year.

	(in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 4,729	\$ 4,729	\$ 119	\$ 119	\$ 4,848	\$ 4,848
Construction in progress	4,614	2,426	-	117	4,614	2,543
Improvements	29,691	29,061	1,559	9	31,250	29,070
Buildings and equipment	24,764	25,072	761	386	25,525	25,458
Lines, meters, and plants	-	-	45,631	46,148	45,631	46,148
Vehicles	1,845	315	28	66	1,873	381
Right-of-use assets	1,464	1,586	276	213	1,740	1,799
Total assets, net of depreciation and amortization	<u>\$ 67,107</u>	<u>\$ 63,189</u>	<u>\$ 48,374</u>	<u>\$ 47,058</u>	<u>\$ 115,481</u>	<u>\$ 110,247</u>

More detailed information about the City's capital assets as well as information on the City's capital projects is presented in Note 7 to the financial statements. The City had \$11.3 million in capital additions during 2025 as compared to \$16.8 million in capital additions in 2024. These decreases were due to the PACE Center capital improvements projects completion during the prior year. This project was the largest that the City has performed over the most recent years. In 2025, the City incurred depreciation and amortization expense of the City's assets of \$6.1 million.

(Continued)

### Long-term Liabilities

At year-end, the City had \$42.2 million in bonds and long-term liabilities outstanding versus \$48.3 million last year, a decrease of \$6.1 million, as shown below:

	(in thousands)			
	2024	Additions	Deletions	2025
<u>Governmental activities:</u>				
Bonds payable	\$ 4,243	\$ -	\$ 181	\$ 4,062
Notes payable	18	-	18	-
Compensated absences	770	1,074	1,108	736
Net pension liability	18,040	-	2,606	15,434
Other-post employment benefits	7,348	-	1,565	5,783
Lease liabilities	1,634	336	417	1,553
<u>Business-type activities:</u>				
Bonds payable	10,205	346	892	9,659
Notes payable	1,315	-	236	1,079
Compensated absences	65	172	159	78
Net pension liability	2,659	-	491	2,168
Other-post employment benefits	1,745	-	372	1,373
Lease liabilities	226	134	64	296
	<u>\$ 48,268</u>	<u>\$ 2,062</u>	<u>\$ 8,109</u>	<u>\$ 42,221</u>

The City remained current on all bonds and notes outstanding and retired approximately \$1.3 million of debt during 2025.

More detailed information about the City’s long-term liabilities is presented in Note 8 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS**

The City’s general fund revenues are dependent on sales tax collections. The City’s Administration has projected an additional increase in sales tax in the upcoming years. Expenditures budgeted in the general fund will remain consistent to the previous fiscal years. The City believes that the increase in utility user fees will be more than enough to cover ongoing repairs to the sewer and water infrastructure.

### 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 Tammy Stewart with the City of Gonzales’s Finance Department at (225) 647-2841 or 120 South Irma Street, Gonzales, Louisiana, 70737.

**CITY OF GONZALES, LOUISIANA**

**BASIC FINANCIAL STATEMENTS**

## CITY OF GONZALES, LOUISIANA

## STATEMENT OF NET POSITION

May 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,829,179	\$ 2,296,896	\$ 8,126,075
Investments	11,133,654	6,634,744	17,768,398
Accounts receivable, net	414,338	1,043,900	1,458,238
Due from other governments	3,758,201	174,569	3,932,770
Prepays	54,687	48,396	103,083
Restricted assets:			
Cash and cash equivalents	1,108,446	620,466	1,728,912
Investments	50	648,890	648,940
Capital assets:			
Non-depreciable	9,342,813	118,828	9,461,641
Depreciable, net	56,299,927	47,978,896	104,278,823
Amortizable, net	1,464,308	276,388	1,740,696
Total assets	89,405,603	59,841,973	149,247,576
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	3,849,251	550,063	4,399,314
Other post-employment benefits	1,280,823	399,564	1,680,387
Total deferred outflows of resources	5,130,074	949,627	6,079,701
Total assets and deferred outflows of resources	\$ 94,535,677	\$ 60,791,600	\$ 155,327,277
<b>LIABILITIES</b>			
Accounts payable	\$ 1,170,411	\$ 118,369	\$ 1,288,780
Retainage payable	126,832	-	126,832
Accrued liabilities	327,376	39,485	366,861
Interest payable	13,134	26,902	40,036
Due to other governments	140,694	-	140,694
Cash bonds	21,867	-	21,867
Unearned revenues	2,041,134	-	2,041,134
Customer deposits	-	604,998	604,998
Long-term liabilities - due within one year	1,183,439	1,290,805	2,474,244
Long-term liabilities:			
Due in more than one year	5,168,262	9,821,367	14,989,629
Net pension liability	15,434,495	2,167,306	17,601,801
Other post-employment benefits	5,782,650	1,373,228	7,155,878
Total liabilities	31,410,294	15,442,460	46,852,754
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	829,449	99,172	928,621
Other post-employment benefits	3,031,950	832,675	3,864,625
Total deferred inflows of resources	3,861,399	931,847	4,793,246
<b>NET POSITION</b>			
Net investment in capital assets	61,364,809	37,340,038	98,704,847
Restricted	2,050,204	604,998	2,655,202
Unrestricted	(4,151,029)	6,472,257	2,321,228
Total net position	59,263,984	44,417,293	103,681,277
Total liabilities, deferred inflows of resources, and net position	\$ 94,535,677	\$ 60,791,600	\$ 155,327,277

Notes on Exhibit A-11 are an integral part of this statement.

## CITY OF GONZALES, LOUISIANA

## STATEMENT OF ACTIVITIES

For the year ended May 31, 2025

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 4,212,419	\$ 1,378,820	\$ 280,035	\$ -	\$ (2,553,564)	\$ -	\$ (2,553,564)
Public safety:							
Police	10,346,791	1,079,312	330,110	-	(8,937,369)	-	(8,937,369)
Fire	5,331,296	1,175,557	-	-	(4,155,739)	-	(4,155,739)
Streets and drainage	3,436,453	665,637	44,614	-	(2,726,202)	-	(2,726,202)
Sanitation	1,374,447	11,164	-	-	(1,363,283)	-	(1,363,283)
Recreation, buildings, and grounds	3,721,890	108,471	-	2,047,833	(1,565,586)	-	(1,565,586)
Code enforcement	586,451	-	-	-	(586,451)	-	(586,451)
Economic development	695,389	263,686	-	-	(431,703)	-	(431,703)
Interest on long-term liabilities	300,520	-	-	-	(300,520)	-	(300,520)
Total governmental activities	<u>30,005,656</u>	<u>4,682,647</u>	<u>654,759</u>	<u>2,047,833</u>	<u>(22,620,417)</u>	<u>-</u>	<u>(22,620,417)</u>
<b>Business-type:</b>							
Utilities	<u>8,797,640</u>	<u>8,412,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(385,375)</u>	<u>(385,375)</u>
Total primary government	<u>\$ 38,803,296</u>	<u>\$ 13,094,912</u>	<u>\$ 654,759</u>	<u>\$ 2,047,833</u>	<u>(22,620,417)</u>	<u>(385,375)</u>	<u>(23,005,792)</u>
General revenues:							
Taxes:							
Sales and use					20,951,031	1,014,146	21,965,177
Ad valorem					1,746,658	-	1,746,658
Franchise fees and other					1,869,259	-	1,869,259
Investment earnings					876,528	499,879	1,376,407
Grants and contributions not restricted to specific programs and miscellaneous revenues					2,773,204	490,758	3,263,962
Gain on the sale of assets					-	27,629	27,629
Transfers, net					(1,060,000)	1,060,000	-
Total general revenues					<u>27,156,680</u>	<u>3,092,412</u>	<u>30,249,092</u>
Change in net position					4,536,263	2,707,037	7,243,300
Net position - beginning of year, restated					<u>54,727,721</u>	<u>41,710,256</u>	<u>96,437,977</u>
Net position - end of year					<u>\$ 59,263,984</u>	<u>\$ 44,417,293</u>	<u>\$ 103,681,277</u>

Notes on Exhibit A-11 are an integral part of this statement.

## CITY OF GONZALES, LOUISIANA

BALANCE SHEETS  
GOVERNMENTAL FUNDS

May 31, 2025

	General Fund	Capital Projects Fund	Tanger Mall Economic Development District	Conway Economic Development District	PACE Center Economic Development District	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,185,175	\$ 2,825,541	\$ 459,264	\$ 55,800	\$ 303,399	\$ 5,829,179
Investments	11,133,654	-	-	-	-	11,133,654
Accounts receivables, net	414,338	-	-	-	-	414,338
Prepays	54,687	-	-	-	-	54,687
Due from other governments:						
Sales and use taxes	2,618,537	698,276	159,288	25,676	111,406	3,613,183
Ad valorem	12,713	-	-	-	-	12,713
Grants	132,305	-	-	-	-	132,305
Restricted assets:						
Cash and cash equivalents	-	-	931,544	-	176,902	1,108,446
Investments	-	-	-	-	50	50
Total assets	<u>\$ 16,551,409</u>	<u>\$ 3,523,817</u>	<u>\$ 1,550,096</u>	<u>\$ 81,476</u>	<u>\$ 591,757</u>	<u>\$ 22,298,555</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 842,955	\$ 315,585	\$ -	\$ -	\$ 11,871	\$ 1,170,411
Accrued liabilities	319,950	-	-	-	7,426	327,376
Retainage payable	-	126,832	-	-	-	126,832
Interest payable	-	-	-	-	13,134	13,134
Due to other governments	-	-	140,694	-	-	140,694
Cash bonds	21,867	-	-	-	-	21,867
Unearned revenues	29,893	2,011,241	-	-	-	2,041,134
Total liabilities	<u>1,214,665</u>	<u>2,453,658</u>	<u>140,694</u>	<u>-</u>	<u>32,431</u>	<u>3,841,448</u>
<b>FUND BALANCE</b>						
Nonspendable	54,687	-	-	-	-	54,687
Committed:						
Capital projects	-	1,070,159	-	-	-	1,070,159
Restricted:						
Capital projects	-	-	-	-	559,326	559,326
Economic development	-	-	1,409,402	81,476	-	1,490,878
Unassigned	15,282,057	-	-	-	-	15,282,057
Total fund balance	<u>15,336,744</u>	<u>1,070,159</u>	<u>1,409,402</u>	<u>81,476</u>	<u>559,326</u>	<u>18,457,107</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 16,551,409</u>	<u>\$ 3,523,817</u>	<u>\$ 1,550,096</u>	<u>\$ 81,476</u>	<u>\$ 591,757</u>	<u>\$ 22,298,555</u>

Notes on Exhibit A-11 are an integral part of this statement.

## CITY OF GONZALES, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

May 31, 2025

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

Total fund balances - governmental funds (Exhibit A-2)		\$	18,457,107
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds			
Non-depreciable	\$	9,342,813	
Depreciable, net		56,299,927	
Right-of-use assets - amortizable, net		<u>1,464,308</u>	67,107,048
Deferred inflows and outflows of resources for pension plans and debt refundings are not due and payable in the current period, and therefore, are not reported in the governmental funds.			
Deferred outflows related to net pension liability		3,849,251	
Deferred inflows related to net pension liability		(829,449)	
Deferred outflows related to other post-employment benefits liability		1,280,823	
Deferred inflows related to other post-employment benefits liability		<u>(3,031,950)</u>	1,268,675
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds payable and lease liabilities		(5,615,407)	
Compensated absences		(736,294)	
Net pension liability		(15,434,495)	
Other post-employment benefits liability		<u>(5,782,650)</u>	<u>(27,568,846)</u>
Net position of governmental activities (Exhibit A)		\$	<u>59,263,984</u>

Notes on Exhibit A-11 are an integral part of this statement.

## CITY OF GONZALES, LOUISIANA

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the year ended May 31, 2025

	General Fund	Capital Projects Fund	Tanger Mall Economic Development District	Conway Economic Development District	PACE Center Economic Development District	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Sales and use	\$ 15,212,201	\$ 4,056,586	\$ 930,497	\$ 101,357	\$ 650,390	\$ 20,951,031
Ad valorem	1,746,658	-	-	-	-	1,746,658
Franchise fees and other	1,869,259	-	-	-	-	1,869,259
Charges for services:						
Licenses and permits	1,286,763	-	-	-	-	1,286,763
Fines and forfeitures	240,870	612,888	-	-	-	853,758
Facility rentals	253,277	-	-	-	263,686	516,963
Fire protection services	1,175,557	-	-	-	-	1,175,557
Police security detail	849,606	-	-	-	-	849,606
Intergovernmental:						
Federal grants	180,035	2,047,833	-	-	-	2,227,868
State and local grants	419,300	55,424	-	-	-	474,724
Investment earnings	663,527	150,733	52,822	5,281	4,165	876,528
Miscellaneous	288,071	-	-	-	56,250	344,321
Total revenues	24,185,124	6,923,464	983,319	106,638	974,491	33,173,036
<b>EXPENDITURES</b>						
Current function:						
General government	2,888,186	162,484	-	-	-	3,050,670
Public safety:						
Police	8,601,615	301,157	-	-	-	8,902,772
Fire	4,656,060	-	-	-	-	4,656,060
Streets and drainage	1,417,169	729,099	-	-	-	2,146,268
Sanitation	1,375,030	-	-	-	-	1,375,030
Recreation, building and grounds	1,773,480	704,087	-	-	709,898	3,187,465
Code enforcement	502,501	30,641	-	-	-	533,142
Economic development	-	-	666,370	29,019	-	695,389
Debt Service:						
Principal	20,545	414,124	-	-	181,000	615,669
Interest	1,869	121,058	-	-	177,593	300,520
Capital outlay	-	7,867,680	-	-	-	7,867,680
Total expenditures	21,236,455	10,330,330	666,370	29,019	1,068,491	33,330,665
Excess (deficiency) of revenues over (under) expenditures	2,948,669	(3,406,866)	316,949	77,619	(94,000)	(157,629)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from insurance	661,815	-	-	-	-	661,815
Proceeds from lease issuance	-	336,001	-	-	-	336,001
Proceeds from sale of assets	104,303	-	-	-	-	104,303
Transfers in	-	5,000,000	-	-	-	5,000,000
Transfers out	(5,000,000)	(1,060,000)	-	-	-	(6,060,000)
Total other financing sources (uses)	(4,233,882)	4,276,001	-	-	-	42,119
Net change in fund balance	(1,285,213)	869,135	316,949	77,619	(94,000)	(115,510)
<b>FUND BALANCE</b>						
Beginning of year	16,621,957	201,024	1,092,453	3,857	653,326	18,572,617
End of year	\$ 15,336,744	\$ 1,070,159	\$ 1,409,402	\$ 81,476	\$ 559,326	\$ 18,457,107

Notes on Exhibit A-11 are an integral part of this statement.

## CITY OF GONZALES, LOUISIANA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended May 31, 2025

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

Net change in fund balances - total governmental funds (Exhibit A-4)	\$	(115,510)
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation and amortization.</p>		
Capital outlay	\$ 7,867,680	
Depreciation and amortization expense	<u>(3,949,739)</u>	3,917,941
<p>The liability and expense for compensated absences is not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur. The payment consumes current financial resources, and it would take a catastrophic event for this liability to become a current liability.</p>		
		33,632
<p>The issuance of long-term debt (e.g. bonds, leases) 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, repayment of principal and the effect of issuance costs and discounts when debt is first issued are expenditures in the governmental funds but reduces the liability in the statement of activities.</p>		
Proceeds from the issuance of lease liabilities	(336,001)	
Principal payments on debt and lease liabilities	<u>615,669</u>	279,668
<p>Change in other post employment benefits assets and liabilities are reported only in the Statement of Activities</p>		
		96,452
<p>Change in net pension assets and liabilities are reported only in the Statement of Activities</p>		
		<u>324,080</u>
Change in net position of governmental activities (Exhibit A-1)	\$	<u>4,536,263</u>

Notes on Exhibit A-11 are an integral part of this statement.

**CITY OF GONZALES, LOUISIANA  
PROPRIETARY FUND - ENTERPRISE FUND**

**STATEMENT OF NET POSITION**

May 31, 2025

**ASSETS**

Current assets:

Cash and cash equivalents	\$	2,296,896
Investments		6,634,744
Accounts receivable, net		1,043,900
Due from other governments		174,569
Prepays		48,396
Restricted assets:		
Cash and cash equivalents		620,466
Investments		648,890
Total current assets		11,467,861

Noncurrent assets:

Capital assets:		
Non-depreciable		118,828
Depreciable, net		47,978,896
Amortizable, net		276,388
Total noncurrent assets		48,374,112
Total assets		59,841,973

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions		550,063
Other post-employment benefits		399,564
Total deferred outflows of resources		949,627
Total assets and deferred inflows of resources	\$	60,791,600

**LIABILITIES**

Current liabilities:

Accounts payable	\$	118,369
Accrued liabilities		39,485
Interest payable		26,902
Customer deposits		604,998
Total current liabilities		789,754

Long-term liabilities

Due within one year		1,290,805
Due within more than one year		9,821,367
Net pension liability		2,167,306
Other post-employment benefits		1,373,228
Total noncurrent liabilities		14,652,706
Total liabilities		15,442,460

**DEFERRED INFLOWS OF RESOURCES**

Pensions		99,172
Other post-employment benefits		832,675
Total liabilities and deferred inflows of resources		16,374,307

**NET POSITION**

Net investment in capital assets		37,340,038
Restricted		604,998
Unrestricted		6,472,257
Total net position		44,417,293
Total liabilities, deferred inflows of resources, and net position	\$	60,791,600

Notes on Exhibit A-11 are an integral part of this statement.

**CITY OF GONZALES, LOUISIANA**  
**PROPRIETARY FUND - ENTERPRISE FUND**

**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**

Year ended May 31, 2025

**OPERATING REVENUES**

Charges for service:

Sewer	\$ 3,151,409
Gas	2,362,943
Water	2,569,783
User fees	<u>328,130</u>

Total operating revenues	<u>8,412,265</u>
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**OPERATING EXPENSES**

General and administrative	2,367,710
Depreciation and amortization	2,185,110
Sewer department	1,472,329
Gas department	1,371,479
Water department	<u>1,239,227</u>

Total operating expenses	<u>8,635,855</u>
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Operating income	(223,590)
------------------	-----------

**NON-OPERATING**

Sales tax	1,014,146
Investment earnings	499,879
Other nonoperating revenues	490,758
Proceeds from the sale of assets	27,629
Interest expense	<u>(161,785)</u>

Net nonoperating revenues	<u>1,870,627</u>
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Income before transfers	1,647,037
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Transfers in	<u>1,060,000</u>
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Change in net position	2,707,037
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**NET POSITION**

Beginning of year	<u>41,710,256</u>
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End of year	<u>\$ 44,417,293</u>
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Notes on Exhibit A-11 are an integral part of this statement.

**CITY OF GONZALES, LOUISIANA  
PROPRIETARY FUND - ENTERPRISE FUND**

**STATEMENT OF CASH FLOWS**

Year ended May 31, 2025

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 8,302,631
Payments to suppliers	(3,801,083)
Payments to employees	<u>(2,820,130)</u>

Net cash provided by operating activities 1,681,418

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Decrease in due from other funds	5,683
Increase in due from other governments	(8,491)
Increase in interest payable	26,902
Sales tax revenue	1,014,146
Other nonoperating revenue	490,758
Proceeds from sale of assets	27,629
Transfers in from other funds	<u>1,060,000</u>

Net cash provided by noncapital and related financing activities 2,616,627

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Proceeds from issuance of long-term debt	345,524
Purchase of capital assets	(3,366,405)
Principal paid on long term liabilities	(1,192,063)
Interest paid on long term liabilities	<u>(161,785)</u>

Net cash used for capital and related financing activities (4,374,729)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments	(2,824,541)
Interest income	<u>499,879</u>

Net cash used for investing activities (2,324,662)

Net decrease in cash (2,401,346)

**CASH**

Beginning of period 5,318,708

End of period \$ 2,917,362

**RECONCILIATION OF CASH**

Cash and cash equivalents	\$ 2,296,896
Restricted cash	<u>620,466</u>

Total cash \$ 2,917,362

Notes on Exhibit A-11 are an integral part of this statement.

**CITY OF GONZALES, LOUISIANA**  
**PROPRIETARY FUND - ENTERPRISE FUND**

**STATEMENT OF CASH FLOWS**

Year ended May 31, 2025

<b>RECONCILIATION OF OPERATING LOSS TO</b>	
<b>NET CASH UP PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (223,590)
Adjustments of operating income:	
Depreciation and amortization	2,185,110
Change in operating assets and liabilities:	
Accounts receivable and accrued interest	(150,739)
Prepays	(48,396)
Customer deposits	41,105
Accounts payable	37,487
Accrued liabilities	(6)
Compensated absences	13,248
Net pension liability and other-post employment benefits liabilities and related deferred inflows and outflows	<u>(172,801)</u>
Net cash provided by operating activities	<u>\$ 1,681,418</u>
<b>NONCASH FINANCING ACTIVITIES</b>	
Transfers from other funds	<u>\$ 1,060,000</u>
<b>NONCASH TRANSACTIONS:</b>	
Issuance of lease liabilities	<u>\$ 134,213</u>

Notes on Exhibit A-11 are an integral part of this statement.

**CITY OF GONZALES, LOUISIANA  
FIDUCIARY FUND**

**STATEMENT OF FIDUCIARY NET POSITION**

May 31, 2025

	<b><u>Custodial Fund</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>47,903</u>
<b>NET POSITION</b>	
Restricted	\$ <u>47,903</u>

Notes on Exhibit A-11 are an integral part of this statement.

**CITY OF GONZALES, LOUISIANA  
FIDUCIARY FUND**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

May 31, 2025

	<b><u>Custodial Fund</u></b>
<b>Additions:</b>	
Evidence	\$ 1,583
<b>NET POSITION</b>	
Beginning of year	<u>46,320</u>
End of year	<u><u>\$ 47,903</u></u>

Notes on Exhibit A-11 are an integral part of this statement.

## **CITY OF GONZALES, LOUISIANA**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement Presentation**

The City of Gonzales, Louisiana, (the City) was incorporated April 15, 1922, under the provision of the Lawrason Act. The City operates under a Mayor-City Council form of government.

The financial statements of the City of Gonzales, Louisiana (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 more significant accounting policies established in GAAP and used by the City are described below.

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

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

##### **Financial Reporting Entity**

These financial statements present the City as the primary government. For financial reporting purposes, the City is controlled by or dependent on the City's executive or legislative branches (the Mayor or the City Council, respectively). Control by or dependence on the City is determined on the basis of budget adoption, taxing authority, outstanding debts secured by revenues or general obligations of the City, obligations of the City to finance any deficits that may occur, or receipt of significant subsidies from the City.

GASB Statement No. 65 introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. It also amended the financial statement element classification of certain items previously reported as assets and liabilities.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial Reporting Entity (Continued)

As the municipal governing authority, for reporting purposes, the City is considered a separate 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:

- Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name;
- Whether the City governing authority (the Council and/or Mayor) appoints a majority of board members of the potential component unit;
- Fiscal interdependency between the City and the potential component unit;
- Imposition of will by the City on the potential component unit; and
- Financial benefit/burden relationship between the City and the potential component unit.

The City Council is responsible for appointing the members of the board of the Industrial Development Board of the City of Gonzales, Louisiana, Inc., but the City's accountability for this entity does not extend beyond making the appointments. As required by generally accepted accounting principles, these financial statements present the City; there are no component units to be included either blended within the City's funds or discretely presented in these financial statements.

### 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. The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units.

### *Government-wide Financial Statements*

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the 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, except for the fiduciary activities. These statements distinguish between the governmental and business-type activities of the City.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

*Government-wide Financial Statements (Continued)*

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Business type activities are financed in whole or part by fees charged to external parties for utility services provided. The City's sewer services are classified as business-type activities.

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

*Fund Financial Statements*

The 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. Non-major funds by category or fund type are summarized into a single column.

The daily operations of the City continue to be 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 equity, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories.

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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses 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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

***Fund Financial Statements (Continued)***

The various funds of the primary government presented in the financial statements are described as follows:

***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 fund balance rather than net income. The following are the governmental fund types of the City:

***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 that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The special revenue funds are City are Tanger Mall Economic Development, Conway Economic Development District, and PACE Center Economic Development District. The primary source of revenue for Tanger Mall Economic Development and Conway Economic Development District funds are sales tax collections that are dedicated to funding the City’s infrastructure and economic development projects. The primary source of revenue for PACE Center Economic Development District fund is hotel occupancy tax collected for financing, construction, maintenance and operation of an event and conference center for the City. The City considers the Tanger Mall Economic Development, Conway Economic Development District, and PACE Center Economic Development District to be major.

***Capital Projects Fund*** – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure improvements. The City considers the Capital Projects Fund a major fund.

***Proprietary Fund Types***

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

*Proprietary Fund Types (Continued)*

*Enterprise Funds* – Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City’s Enterprise Fund has been considered a major fund.

*Fiduciary Fund Types*

*Custodial Fund* – The Custodial Fund is used as a depository for police evidence. The fund is custodial in nature and does not involve measurement of results of operations.

**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. Ad Valorem taxes are recognized in the year for which they are assessed.

*Fund financial statements*

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government’s availability criteria (susceptible to accrual). “Available” means collectible within the current period or within 60 days after year-end. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues, are recorded as earned since they are measurable and available.

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Basis of Accounting and Measurement Focus (Continued)**

#### *Fund financial statements (Continued)*

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent after December 31st. The taxes are generally collected in December, January and February of the current fiscal year. Furthermore, the City budgets use of ad valorem taxes on a fiscal year basis. Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time. Federal and state aid and grants are recorded as revenue when the City is entitled to the funds and eligibility requirements are met, 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 (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 when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable party gives and receives. Revenues resulting from the exchange transactions, in which each party gives and receives essentially equal value, is reconciled on the accrual basis when the exchange takes place.

### **Cash and Cash Equivalents**

Cash and cash equivalents for the City include cash on hand, amounts due from banks, interest bearing deposits at various financial institutions and short-term investments with an original maturity of three months or less.

Consolidated bank accounts have been established for the City into which substantially all monies are deposited and from which most disbursements are made. In addition, investment purchases are charged and maturities are deposited to the consolidated bank account. The purpose of the consolidation of bank accounts was to provide administrative efficiency and to maximize investment earnings. The accounts entitled "Cash and Cash Equivalents" is therefore composed of a fund's pro rata share of the cash balance in the consolidated cash account plus its' pro rata share of investments made through the investment of excess cash.

### **Investments**

The City invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States treasury bonds, treasury notes, treasury bills, and fully collateralized interest-bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the City has a custodial agreement.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Investments (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The investment policy of the City is governed by state statutes that include depository and custodial contract provisions.

For purposes of the Statement of Cash Flows, liquid investments of the enterprise fund with a maturity of three months or less are considered to be cash equivalents. See Note 2.

### Accounts Receivable and Bad Debts

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. In governmental and business-type activities, uncollectible amounts are recognized as bad debt through the use of an allowance or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue or deferred revenue reported. In business-type activities, the uncollectible amounts are charged directly to the related service fee. An allowance for doubtful accounts of \$218,421 and \$143,599 was recorded at May 31, 2025, for governmental and business-type activities, respectively.

### Lease Asset Receivable

Lease asset receivables are a result of leases in which the City has entered into a contract with a lessee that delivers the right to use a nonfinancial asset of the City as specified by the contract for a period of time in an exchange or exchange-like transaction. Such receivables are reported on the government – wide financial statements at present value of the lease payments to be received during the lease term. Additionally, the City would recognize a deferred inflow of resources that is reported at the value of the lease receivable plus any payments received at or before the commencement of the lease for future periods. Assets of agreement entered into in which the City is the lessor are retained as capital assets of the City and are reported in the government-wide financial statements as described under Capital Assets. The City has not entered into any agreements delivering control of a right to use a nonfinancial asset to a lessee as described above at May 31, 2025.

### Interfund Receivables/Payables

During the course of operations numerous transactions occur between individual funds. Those related to short-term borrowings are classified as “due from other funds” or “due to other funds” on the balance sheet and result primarily from participation in the consolidated cash account. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” There were no “due from other funds” or “due to other funds” reported between the City’s governmental activities and business-type activities as of May 31, 2025.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Restricted Cash and Investments**

Restricted cash and investments represent amounts which have been designated for debt services, capital projects, and contingencies for property repairs and replacements. Restricted cash and investments consisted of \$2,377,852 as of May 31, 2025.

### **Prepaid Assets**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures when consumed, rather than when purchased.

### **Capital Assets**

The accounting treatment of property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their fair value at the date of donation. Donated capital assets, donated works of art and similar items, and capital assets received in a concession arrangement are reported at their acquisition value rather than fair value. Major outlays for capital assets and improvements are capitalized at completion of the construction projects. The City's capitalization policy stipulates a capitalization threshold of \$5,000.

### ***Right-of-Use Assets***

Right-of-use assets are a result of leases in which the City has entered into a contract with a lessor that conveys control of the right-to-use the lessor's nonfinancial asset as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government – wide financial statements net of amortization. A corresponding lease liability be recognized on the government-wide financial statements at the commencement of the lease term at the present value of payments expected to be made during the lease term (less any lease incentives). Right-of -use assets are amortized at the lessor of the useful life or lease term.

A subscription-based information technology arrangement (SBITA) results from a contract that conveys control of the right-to-use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange like transaction. Such assets are recognized on the government – wide financial statements as a right-of-use SBITA, net of amortization. A corresponding subscription liability should be recognized on the government-wide financial statements at the present value of the subscription payments expected to be made during the subscription term. The City has not entered into any agreements gaining control of the right-to-use SBITA assets as described above at May 31, 2025.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

***Government-wide Statements***

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

Prior to the implementation of GASB No. 34, governmental funds' infrastructure assets were not capitalized. These assets are comprised of the streets maintained by the City and have been valued at estimated historical cost.

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

Buildings and infrastructure	20-40 years
Improvements	15-40 years
Machinery and equipment	3-40 years
Vehicles	5-15 years
Right-of-use assets	5 years

***Fund Financial Statements***

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

Property, plant and equipment used by the proprietary funds are stated at cost. Interest costs incurred during construction periods are capitalized. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Lines, meters, and plants	10-50 years
Buildings and improvements	15-50 years
Machinery and equipment	4-10 years
Vehicles	5 years

Interest incurred during construction in the enterprise funds is reflected in the capitalized value of the asset constructed, net of investment earnings on invested loan proceeds during the same period. There was no interest expense capitalized during the year ended May 31, 2025.

**Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Long-term Debt (Continued)

In the government-wide Statement of Net Position and in the proprietary fund types' financial statements, long-term debt is reported as a liability. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are reported as expenses in the period incurred. The long-term debt consists primarily of public improvement bonds and hotel occupancy tax bonds.

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

### Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and sick leave balances that are to be settled in cash or noncash forms of compensation. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

### Government-wide and Business-type Net Position

Government-wide and proprietary fund net position is divided into three components:

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

### *Use of Restricted Net Position*

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **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 in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted**—Amounts that can be spent only for specific purposes because of the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed**—Amounts that can be used only for specific purposes determined by a formal action by 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 (for capital projects or debt service) by City Council.
- **Unassigned**—All amounts not included in other spendable classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, in other governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that particular fund.

### ***Use of Restricted Fund Balance***

When an expense is incurred that can be paid using either restricted or unrestricted resources (fund balance), the 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.

### **Interfund Transfers**

Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts.

### **Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The City has two items that qualify for this category; deferred outflows related to pension and other post-employment benefit liabilities, which is reported in the government-wide statement of net position.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Deferred Outflows and Inflows of Resources (Continued)**

In addition to liabilities, the Statement of Net Position, or Balance Sheet, will sometimes report separate sections for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) at that time. The City has two items that qualify for this category; deferred inflows related to pension and other post-employment benefit liabilities, which is reported in the government-wide statement of net position. The amounts deferred and recognized as an inflow of resources in the period that the amounts become available.

### **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 the adoption of the budget. The City follows the requirements of Louisiana Budget Law. The City is required to adopt its budget prior to May 31. Once adopted, the Mayor is able to transfer part or all of any appropriation within a department of a fund; however, the authority for other budget amendments resides with the City Council.

The annual operating budget, prepared on the modified-accrual basis, covers the general, special revenue, debt service, capital projects, and enterprise funds. At the end of the fiscal year 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 unreserved fund balance of an individual fund may be designated for expenditures of the subsequent year by formal action of the City Council. Such designation represents the extent to which the fund balance is used to balance the subsequent year'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 proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation, amortization, investments, net pension liability, other post-employment benefit liabilities, and lease liabilities.

### **Subsequent Events**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 20, 2026, which is the date the financial statements were available to be issued.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Current Accounting Standards Implemented**

*Accounting Changes and Error Corrections*

During the fiscal year, the City implemented policies under GASB Statement No. 100, *Accounting Changes and Error Corrections*, which is an amendment of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. This statement only has an impact on the City's note disclosures for the year ended May 31, 2025.

*Compensated Absences*

Additionally, the City implemented policies established under GASB Statement No. 101, *Compensated Absences*. The primary objective of this Statement is better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The adoption of this statement resulted in an increase of compensated absences balances as previously reported at June 1, 2024. See Note 16.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At May 31, 2025, the carrying amount of the City's deposits totaled \$9,902,890 and the related bank balances were \$10,527,624. 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 May 31, 2025, the City's deposits were not exposed to any custodial risk.

**NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)**

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

	Amount
Category 1 - Amount insured by the FDIC	\$ 250,000
Category 2 - Amount collateralized with securities held by pledging financial institution's trust department in the City's name.	1,136,084
Category 3 - Amounts secured through deposit sweep program	6,090,000
Louisiana Asset Management Pool	2,859,169
Balances not subject to collateralization:	
Investments in U.S. securities	192,371
Total bank balances	\$ 10,527,624

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 pools of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955. The value of the portfolio is carried at amortized cost. As of May 31, 2025, the City had a balance of \$2,859,169 invested in LAMP.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in 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 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 physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 32 days from LAMP's monthly Portfolio Holdings as of May 31, 2025.
- Foreign currency risk: Not applicable.

**NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)**

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.

**NOTE 3 - INVESTMENTS**

State law authorizes the City to invest in U.S. Treasury obligations, obligations guaranteed by federal agencies, U.S. government instrumentalities which are federally sponsored, obligations of the State of Louisiana and other States, and certificate of deposit obligations and other investments allowed by law. As of May 31, 2025, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Total Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>Over 5 Years</u>
<b>Governmental activities</b>				
U.S. agencies	\$ 1,165,970	\$ 426,131	\$ 462,544	\$ 277,295
U.S. treasuries	3,872,741	1,132,994	2,739,747	-
Municipal bonds	1,736,010	616,143	1,071,569	48,298
Commercial paper	<u>4,358,983</u>	<u>4,210,409</u>	<u>148,574</u>	<u>-</u>
Total governmental activities	<u>\$ 11,133,704</u>	<u>\$ 6,385,677</u>	<u>\$ 4,422,434</u>	<u>\$ 325,593</u>
<b>Business-type activities</b>				
U.S. agencies	\$ 1,142,206	\$ 651,137	\$ 491,069	\$ -
U.S. treasuries	4,389,577	1,433,335	2,956,242	-
Commercial paper	<u>1,751,851</u>	<u>1,751,851</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 7,283,634</u>	<u>\$ 3,836,323</u>	<u>\$ 3,447,311</u>	<u>\$ -</u>

**NOTE 4 - RESTRICTED ASSETS**

Restricted assets, which consist of cash and cash equivalents and investments as of May 31, 2025, were as follows:

	Amount
<b>Primary Government</b>	
Cash and cash equivalents:	
Economic development	\$ 931,544
Debt service	176,902
Customer deposits	604,998
Other	15,468
Total restricted cash and cash equivalents	1,728,912
Investments:	
Debt service	648,890
Other	50
Total restricted investments	648,940
Total restricted assets	\$ 2,377,852

**NOTE 5 - ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS**

Accounts receivable at May 31, 2025, consisted of the following:

	Amount
Charges for service - enterprise fund	\$ 1,043,900
Charges for service - security detail and other	187,290
Franchise fees	227,048
Total accounts receivable	\$ 1,458,238

Due from other governments at May 31, 2025, consisted of the following:

	Amount
Sales and use taxes	\$ 3,787,752
Ad valorem taxes	12,713
Grants	132,305
Total due from other governments	\$ 3,932,770

**NOTE 6 - AD VALOREM TAXES**

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

All property taxes are recorded in governmental funds as explained in Note 1 above. Revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy.

Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue. Property taxes are considered available because they are substantially collected during the fiscal year and are therefore available to liquidate liabilities of the current period.

Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until the taxes are paid (La.R.S. 47:2101). After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed (La.R.S. 47:2181). Therefore, there are no delinquent taxes at year end.

For the year ended May 31, 2025, taxes of 5.28 and 3.27 mills were levied for general government and public safety purposes, respectively, on property with assessed valuations totaling \$214,960,150 for each. Total taxes levied were \$1,837,916. Property tax millage rates are adopted in the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before December 31 of the current year and become delinquent thereafter.

(Continued)

**NOTE 7 - CAPITAL ASSETS**

A summary of changes in capital assets for the primary government's governmental activities for the year ended May 31, 2025, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Nondepreciable:</b>				
Land	\$ 4,728,563	\$ -	\$ -	\$ 4,728,563
Construction in progress	<u>2,426,292</u>	<u>3,334,637</u>	<u>(1,146,679)</u>	<u>4,614,250</u>
Nondepreciable/amortizable	<u>7,154,855</u>	<u>3,334,637</u>	<u>(1,146,679)</u>	<u>9,342,813</u>
<b>Depreciable:</b>				
Improvements	67,597,414	2,397,617	-	69,995,031
Buildings	29,451,525	90,561	-	29,542,086
Equipment	8,717,744	859,343	(7,280)	9,569,807
Vehicles	<u>5,295,351</u>	<u>1,996,200</u>	<u>(91,148)</u>	<u>7,200,403</u>
Depreciable, gross	<u>111,062,034</u>	<u>5,343,721</u>	<u>(98,428)</u>	<u>116,307,327</u>
<b>Less accumulated depreciation for:</b>				
Improvements	38,535,962	1,768,593	-	40,304,555
Buildings	6,809,023	748,648	-	7,557,671
Equipment	6,288,581	508,906	(7,280)	6,790,207
Vehicles	<u>4,980,325</u>	<u>465,790</u>	<u>(91,148)</u>	<u>5,354,967</u>
Total accumulated depreciation	<u>56,613,891</u>	<u>3,491,937</u>	<u>(98,428)</u>	<u>60,007,400</u>
Depreciable, net	<u>54,448,143</u>	<u>1,851,784</u>	<u>-</u>	<u>56,299,927</u>
<b>Amortizable:</b>				
ROU asset - vehicles	1,650,413	336,001	-	1,986,414
ROU asset - equipments	<u>407,975</u>	<u>-</u>	<u>-</u>	<u>407,975</u>
Right-of-use assets, gross	<u>2,058,388</u>	<u>336,001</u>	<u>-</u>	<u>2,394,389</u>
<b>Less accumulated amortization for:</b>				
ROU lease - vehicles	279,502	378,786	-	658,288
ROU lease - equipment	<u>192,777</u>	<u>79,016</u>	<u>-</u>	<u>271,793</u>
Total accumulated amortization	<u>472,279</u>	<u>457,802</u>	<u>-</u>	<u>930,081</u>
Amortizable, net	<u>1,586,109</u>	<u>(121,801)</u>	<u>-</u>	<u>1,464,308</u>
Governmental activities, net	<u>\$ 63,189,107</u>	<u>\$ 5,064,620</u>	<u>\$ (1,146,679)</u>	<u>\$ 67,107,048</u>

**NOTE 7 - CAPITAL ASSETS (CONTINUED)**

Depreciation and amortization expense was charged to functions of the primary government as follows:

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
Governmental activities:			
General	\$ 1,047,403	\$ 29,777	\$ 1,077,180
Police	339,039	320,531	659,570
Fire	467,059	2,184	469,243
Streets and drainage	1,180,368	46,246	1,226,614
Recreation, buildings, and grounds	405,416	33,263	438,679
Civic center	51,329	-	51,329
Code enforcement	1,323	25,801	27,124
	<u>\$ 3,491,937</u>	<u>\$ 457,802</u>	<u>\$ 3,949,739</u>
Total depreciation and amortization	<u>\$ 3,491,937</u>	<u>\$ 457,802</u>	<u>\$ 3,949,739</u>

(Continued)

**NOTE 7 - CAPITAL ASSETS (CONTINUED)**

A summary of changes in capital assets for the primary government's business-type activities for the year ended May 31, 2025, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
<b>Nondepreciable/amortizable:</b>				
Land	\$ 118,828	\$ -	\$ -	\$ 118,828
Construction in progress	116,659	1,446,172	(1,562,831)	-
Nondepreciable/amortizable	235,487	1,446,172	(1,562,831)	118,828
<b>Depreciable:</b>				
Lines & meters	77,341,824	1,461,380	-	78,803,204
Equipment	1,131,274	458,853	-	1,590,127
Vehicles	352,333	-	-	352,333
Storage building	22,474	-	-	22,474
Improvements	14,150	1,562,831	-	1,576,981
Depreciable, gross	78,862,055	3,483,064	-	82,345,119
<b>Less accumulated depreciation for:</b>				
Lines & meters	31,193,616	1,978,694	-	33,172,310
Equipment	744,809	83,909	-	828,718
Vehicles	285,662	39,471	-	325,133
Storage building	22,474	-	-	22,474
Improvements	5,332	12,256	-	17,588
Total accumulated depreciation	32,251,893	2,114,330	-	34,366,223
Depreciable, net	46,610,162	1,368,734	-	47,978,896
<b>Amortizable:</b>				
ROU lease asset - vehicles	264,829	134,213	-	399,042
<b>Less accumulated amortization for:</b>				
ROU lease asset - vehicles	51,874	70,780	-	122,654
Amortizable, net	212,955	63,433	-	276,388
Business-type activities, net	\$ 47,058,604	\$ 2,878,339	\$ (1,562,831)	\$ 48,374,112

(Continued)

**NOTE 8 - LONG-TERM LIABILITIES**

**Debt Outstanding**

The following is a summary of debt transactions of the City’s primary government for the year ended May 31, 2025:

	(Restated) May 31, 2024	Additions	Deductions	May 31, 2025	Due Within One Year
<b>Governmental activities:</b>					
Hotel occupancy tax bonds	\$ 4,243,000	\$ -	\$ 181,000	4,062,000	\$ 188,000
Lease liabilities	1,634,476	336,001	417,070	1,553,407	434,776
Notes payable	17,598	-	17,598	-	-
Net pension liability	18,039,581	-	2,605,086	15,434,495	-
Other post-employment benefits	7,348,265	-	1,565,615	5,782,650	-
Compensated absences	770,010	1,073,920	1,107,636	736,294	560,663
<b>Total</b>	<u>\$ 32,052,930</u>	<u>\$ 1,409,921</u>	<u>\$ 5,894,005</u>	<u>\$ 27,568,846</u>	<u>\$ 1,183,439</u>
<b>Business-type activities:</b>					
Utility revenue bonds	\$ 8,302,472	\$ -	\$ 795,000	\$ 7,507,472	\$ 803,000
Sales tax bonds	1,902,476	345,524	97,000	2,151,000	104,000
Lease liabilities	226,266	134,213	64,086	296,393	75,864
Notes payable	1,315,186	-	235,977	1,079,209	248,792
Net pension liability	2,658,773	-	491,467	2,167,306	-
Other post-employment benefits	1,745,019	-	371,791	1,373,228	-
Compensated absences	64,850	172,164	158,916	78,098	59,149
<b>Total</b>	<u>\$ 16,215,042</u>	<u>\$ 651,901</u>	<u>\$ 2,214,237</u>	<u>\$ 14,652,706</u>	<u>\$ 1,290,805</u>

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

**Governmental Activities**

\$4,500,000 Taxable Hotel Occupancy Tax Bond, Series 2021 dated April 1, 2021, due in annual installments of \$83,000 to \$332,000 through May 1, 2041, interest at 3.88%, secured by occupancy taxes collections.	\$ 4,062,000
\$2,734,337 in lease agreements consisting varies equipment and vehicle leases with various monthly terms and have payments that range from \$216 to \$38,253 and interest rates that range from 6.68% to 8.51%. The leases term that mature as early as July 1, 2027 and ending as late as October 1, 2029.	1,553,407
<i>Net pension liability</i>	15,434,495
<i>Other post-employment benefits</i>	5,782,650
<i>Compensated absences</i>	<u>736,294</u>
Total long-term liabilities from governmental activities	<u>\$ 27,568,846</u>

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

**Business-Type Activities**

\$15,170,000 Public Improvement Sales Tax Bonds dated September 22, 2014, due in annual installments of \$766,000 to \$865,472 through March 1, 2034, interest at 0.95%, secured by collection of sales taxes.	\$ 7,507,472
\$2,400,000 Taxable Sales Tax Bonds, Series 2022 dated May 24, 2022, due in annual installments of \$69,000 to \$152,000 through March 1, 2042, interest at 1.95%, secured by collection of sales taxes.	2,151,000
\$399,042 in lease agreements consisting vehicle leases with 60 month terms and have payments that range from \$465 to \$1,107 and interest rates that range from 6.68% to 8.27%. The leases that terms mature as early as February 1, 2028 and ending as late as December 1, 2029.	296,393
The City has a note payable to a Company, due in May 2029, payable in monthly installments of \$25,000, with interest at 5.3%, secured by equipment	1,079,209
<i>Net pension liability</i>	2,167,306
<i>Other post-employment benefits</i>	1,373,228
<i>Compensated absences</i>	<u>78,098</u>
Total long-term liabilities from business-type activities	<u>\$ 14,652,706</u>

**Debt Service Requirements to Maturity**

The annual requirements to amortize debt outstanding at May 31, 2025, are as follows:

**Governmental activities:**

Year	Hotel occupancy tax bonds		Lease liabilities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 188,000	\$ 157,604	\$ 434,776	\$ 100,045	\$ 622,776	\$ 257,649
2027	195,000	150,310	445,601	67,911	640,601	218,221
2028	203,000	142,744	419,838	32,189	622,838	174,933
2029	211,000	134,868	216,159	8,594	427,159	143,462
2030	219,000	126,682	37,033	379	256,033	127,061
2031-2035	1,228,000	499,314	-	-	1,228,000	499,314
2036-2040	1,486,000	241,724	-	-	1,486,000	241,724
2041	332,000	12,882	-	-	332,000	12,882
Total	<u>\$ 4,062,000</u>	<u>\$ 1,466,128</u>	<u>\$ 1,553,407</u>	<u>\$ 209,118</u>	<u>\$ 5,615,407</u>	<u>\$ 1,675,246</u>

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

**Business-type activities:**

Year	Utility revenue bonds		Sales tax bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 803,000	\$ 33,782	\$ 104,000	\$ 41,944	\$ 248,792	\$ 51,212
2027	811,000	30,170	106,000	39,916	262,303	37,701
2028	818,000	26,520	109,000	37,848	276,548	23,456
2029	826,000	22,838	111,000	35,724	291,566	8,438
2030	834,000	19,122	114,000	33,558	-	-
2031-2035	3,415,472	38,600	615,000	133,278	-	-
2036-2040	-	-	691,000	70,392	-	-
2041-2042	-	-	301,000	7,350	-	-
	<u>\$ 7,507,472</u>	<u>\$ 171,032</u>	<u>\$ 2,151,000</u>	<u>\$ 400,010</u>	<u>\$ 1,079,209</u>	<u>\$ 120,807</u>

Year	Lease liabilities		Total	
	Principal	Interest	Principal	Interest
2026	\$ 75,864	\$ 19,870	\$ 1,231,656	\$ 146,808
2027	81,813	13,920	1,261,116	121,707
2028	79,406	7,612	1,282,954	95,436
2029	48,603	2,664	1,277,169	69,664
2030	10,707	240	958,707	52,920
2031-2035	-	-	4,030,472	171,878
2036-2040	-	-	691,000	70,392
2041	-	-	301,000	7,350
	<u>\$ 296,393</u>	<u>\$ 44,306</u>	<u>\$ 11,034,074</u>	<u>\$ 736,155</u>

**NOTE 9 - SALES USE AND OCCUPANCY TAX**

The City has the following sales use and occupancy taxes as of May 31, 2025:

On September 10, 1966, a one percent sales tax was passed to be used for streets, sidewalks, drainage, garbage, utilities, parks and recreation, fire department, and acquisition and maintenance of public buildings, including City Hall and the Civic Center.

On April 1, 1989, a one-half percent sales tax was passed to be used for sewer, water, drainage, streets, and gas. This tax is pledged to the payment of the Public Improvement Sales Tax Bonds dated May 1, 2014. On September 1, 2014, the City adopted a First Supplemental Bond Ordinance, which extends the collection of the one-half percent sales tax for the purpose of acquiring construction and installment of improvements, extensions, and replacements to the City’s wastewater treatment and disposal system. On April 13, 2020, the City adopted a Second Supplemental Bond Ordinance authorizing the issuance of bonds, which extends the collection of the one-half percent sales tax for the purpose of paying costs of acquiring and construction additions and improvements to the City’s drinking water system and paying costs of issuance. This tax is set to expire upon the retirement of any bonds payable issued.

On July 1, 2001, an additional one-half percent sales tax was passed to be used for fire, police, and sanitation.

**NOTE 9 - SALES USE AND OCCUPANCY TAX (CONTINUED)**

On May 16, 2005, proceeds from the one percent sales and use tax authorized on September 10, 1966 and the one-half percent sales and use authorized on April 1, 1989 collected within the Gonzales Economic Development District No. 1 were dedicated to the Industrial Development Board of the City of Gonzales, Louisiana, Inc. to promote economic development.

On June 1, 2012, an additional one percent sales and use tax was passed to be used for funding economic development projects selected by the Tanger Mall Economic Development District. This tax is only assessed in the Tanger Mall Economic Development District. The tax is set to expire on May 31, 2032.

On May 29, 2018, an ordinance was adopted to authorize the execution of a cooperative endeavor agreement by and among the City, Conway Economic Development District of the City, and Conway Development, LLC relating to the collection, use and expenditure of a one percent sales and use tax and a one percent hotel occupancy tax to be levied in the district. This tax is dedicated to the district to reimburse Conway Development, LLC for Phase 1 and 2 infrastructure improvements.

On December 8, 2018, a hotel occupancy tax of two percent was passed to be used for the purpose of financing, construction, maintenance and operation of an event and conference center for the City. The tax is effective April 1, 2019, for perpetuity.

**NOTE 10 - PENSION AND RETIREMENT PLANS**

The City is a participating employer in several cost-sharing defined benefit pension plans. These plans are administered by three public employee retirement systems, the Municipal Employees' Retirement System of Louisiana, the Municipal Police Employees' Retirement System and the Louisiana State Employees' Retirement System. 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 reports may be obtained by writing, calling or downloading the reports as follows:

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

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

LASERS  
8401 United Plaza Boulevard  
Baton Rouge, Louisiana 70809  
(225) 922-0600  
www.lasersonline.org

**NOTE 10 - PENSION AND RETIREMENT PLANS (CONTINUED)**

The City implemented GASB Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the City to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

**Plan Descriptions:**

**Municipal Employees' Retirement System of Louisiana (MERS)**

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System 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 System. The City of Gonzales, Louisiana is a participant in Plan A only.

**Municipal Police Employees' Retirement System (MPERS)**

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers.

**Louisiana State Employees' Retirement System (LASERS)**

The Louisiana State Employees' Retirement System (LASERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) to provide retirement allowances and other benefits to eligible state officers, employees, and their beneficiaries.

(Continued)

**NOTE 10 - PENSION AND RETIREMENT PLANS (CONTINUED)**

**Plan Descriptions (Continued):**

**Funding Policy**

The City’s net pension liabilities are typically liquidated through the General Fund and Utility Fund. 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 May 31, 2025, for the City and covered employees were as follows:

	City	Employees
<b>MERS (Plan A):</b>		
Members hired prior to January 1, 2013	28.00%	10.00%
Members hired after January 1, 2013	28.00%	10.00%
<b>MPERS:</b>		
All employees hired prior to January 1, 2013, and all Hazardous Duty employees hired after January 1, 2013	35.60%	10.00%
Non-Hazardous Duty employees hired after January 1, 2013	35.60%	8.00%
<b>LASERS</b>		
Judges hired before January 1, 2011	40.17%	11.50%
Judges hired on or after January 1, 2011	38.31%	13.00%
Judges hired on or after July 1, 2015	38.31%	13.00%

The contributions made to each pension plan the for the fiscal year ended May 31, 2025 were as follows:

	Amount
MERS (Plan A)	\$ 1,786,781
MPERS	1,373,693
LASERS	2,800
Total	\$ 3,163,274

Non-employer contributions to MERS, MPERS, and LASERS for the plan year ended May 31, 2025, totaled \$508,058 and are reflected in the Statement of Activities.

(Continued)

**NOTE 10 - PENSION AND RETIREMENT PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows 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, 2024 measurement date. The City uses this measurement to record its Net Pension Liability and associated amounts as of May 31, 2025, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at May 31, 2025, along with the change compared to the June 30, 2023 rate. The City’s proportion of the Net Pension Liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at May 31, 2025	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS (Plan A)	\$ 8,335,793	2.962%	2.798%	0.164%
MPERS	9,248,279	1.021%	0.989%	0.032%
LASERS	<u>17,729</u>	0.000%	0.000%	0.000%
Total	<u>\$ 17,601,801</u>			

The following schedule list each pension plan’s recognized pension expense of the City for the year ended May 31, 2025:

	<u>Amount</u>
Municipal Employees Retirement System (Plan A)	\$ 1,338,536
Municipal Police Employees Retirement System	1,667,020
Louisiana State Employees Retirement System	<u>1,821</u>
Total	<u>\$ 3,007,377</u>

(Continued)

**NOTE 10 - PENSION AND RETIREMENT PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Summary totals of deferred outflows of resources for the primary government by pension plan:

Deferred Outflows of Resources:	MERS	MPERS
Differences between expected and actual experience	\$ -	\$ 500,725
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	112,253	257,096
Changes in proportion and differences between employer contributions and proportionate share of contributions	357,782	248,008
Differences between allocated and actual contributions	-	-
Employer contributions subsequent to the measurement date	1,645,593	1,277,733
Total	\$ 2,115,628	\$ 2,283,562
	LASERS	Total
Differences between expected and actual experience	\$ -	\$ 500,725
Changes of assumptions	124	124
Net difference between projected and actual earnings on pension plan investments	-	369,349
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	605,790
Differences between allocated and actual contributions	-	-
Employer contributions subsequent to the measurement date	-	2,923,326
Total	\$ 124	\$ 4,399,314

**NOTE 10 - PENSION AND RETIREMENT PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Summary totals of deferred inflows of resources for the primary government by pension plan:

Deferred Inflows of Resources:	MERS	MPERS
Differences between expected and actual experience	\$ 275,950	\$ 279,763
Changes of assumptions	49,205	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	56,275	265,236
Differences between allocated and actual contributions	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 381,430	\$ 544,999
	LASERS	Total
Differences between expected and actual experience		
Changes of assumptions	\$ 78	\$ 555,791
Net difference between projected and actual earnings on pension plan investments	-	49,205
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,114	2,114
Differences between allocated and actual contributions	-	321,511
Employer contributions subsequent to the measurement date	-	-
	-	-
Total	\$ 2,192	\$ 928,621

The City reported a total of \$2,923,326 as deferred outflow of resources related to pension contributions made subsequent to the measurement date of the net pension liability but before the end of the City's fiscal year end will be recognized as a reduction in Net Pension Liability in the subsequent fiscal period rather than in the current fiscal period.

**NOTE 10 - PENSION AND RETIREMENT PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year	MERS	MPERS	LASERS	Total
2025	\$ (154,953)	\$ 28,080	\$ (1,271)	\$ (128,144)
2026	736,656	840,560	546	1,577,762
2027	(286,143)	(245,745)	(815)	(532,703)
2028	(206,955)	(162,065)	(528)	(369,548)
	\$ 88,605	\$ 460,830	\$ (2,068)	\$ 547,367

**Actuarial Assumptions**

**MERS**

The actuarial assumptions used in the June 30, 2024 valuation was based on the results of an experienced study, for the period July 1, 2018 through June 30, 2023.

**MPERS**

The actuarial assumptions used in the June 30, 2024 valuation were based on the assumptions used in the June 30, 2024 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019.

**LASERS**

The actuarial assumptions used in the June 30, 2024, valuation were based on the assumptions used in the June 30, 2024, actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2024 are as follows:

	Measurement/ Valuation Date	Expected Remaining Service Lives	Investment Rate of Return
MERS	June 30, 2024	3 years	6.85% net of investment expenses
MPERS	June 30, 2024	4 years	6.75% net of investment expenses
LASERS	June 30, 2024	2 years	7.25% net of investment expenses

**NOTE 10 - PENSION AND RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

***Mortality:***

**MERS**

Mortality rates for non-disabled are based on PubG-2010(B) Healthy Retiree Table set and PubG-2010(B) Employee Table set equal to 115% and 120% for males and females, respectively, each adjusted using their respective male and female MP2021 scales.

Mortality rates for disabled are based on PubNS-2010(B) Disabled Retiree Table set equal to 115% and 120% for male and females, respectfully, with full generational MP2021 scale.

**MPERS**

Mortality rates for non-disabled are based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees and Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

Mortality rates for disabled are based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

**LASERS**

Mortality rates for non-disabled are set equal to the PubG-2010 Healthy Retiree on a fully generational basis by Mortality Improvement Scale MP-2021.

Mortality rates for disabled are based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

***Salary Increases:***

**MERS**

Years of Service	Salary Growth Rate
1-2	9.0%
Over 2	4.4%

**MPERS**

Years of Service	Salary Growth Rate
1-2	12.30%
Over 2	4.70%

**NOTE 10 - PENSION AND RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

***Salary Increases (Continued):***

**LASERS**

The salary increase range applicable to Judges has a lower range of 2.4% and upper range of 4.8%.

***Cost of Living Adjustments:***

**MERS**

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 an additional cost of living increase 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 after that date.

**MPERS**

The system is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary, or survivor's benefit, not to exceed 3% in any given year. The system is authorized to provide an additional 2% cost of living adjustment, computed on the member's original benefit, to all regular retirees, disability survivors and beneficiaries who are 65 years age or older on the cut-off date which determines eligibility.

**LASERS**

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 projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

(Continued)

**NOTE 10 - PENSION AND RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

The following methods used by each of the retirement systems in determining the long-term rate of return on pension plan investments:

**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 and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 6.85% for the year ended May 31, 2025.

**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 the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.86% for the year ended May 31, 2025.

**LASERS**

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. The long-term arithmetic nominal expected rate of return was 8.15% as of May 31, 2025.

(Continued)

**NOTE 10 - 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 May 31, 2025:

Asset Class	Target Allocation		
	MERS	MERS	LASERS
Equity	56.00%	52.00%	51.00%
Fixed Income	29.00%	34.00%	22.00%
Alternative	15.00%	14.00%	27.00%
Totals	100.00%	100.00%	100.00%

Asset Class	Expected Portfolio Real Rate of Return		
	MERS	MERS	LASERS
Equity	2.44%	3.14%	9.51%
Fixed Income	1.26%	1.07%	7.28%
Alternative	0.65%	1.03%	8.95%
Expected Return	4.35%	5.24%	3.21%
Inflation	2.50%	2.62%	2.40%
Expected Nominal Return	6.85%	7.86%	5.61%

**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, MPERS and LASERS was 6.85%, 6.75%, and 7.25%, respectively for the year ended May 31, 2025.

(Continued)

**NOTE 10 - PENSION AND RETIREMENT PLANS (CONTINUED)**

**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% Decrease	Current Rate	1% Increase
<b>MERS (Plan A)</b>			
Discount Rates	5.85%	6.85%	7.85%
Share of Net Pension Liability (Asset)	\$ 12,552,473	\$ 8,335,793	\$ 4,776,184
<b>MPERS</b>			
Discount Rates	5.75%	6.75%	7.75%
Share of Net Pension Liability (Asset)	\$ 13,738,090	\$ 9,248,279	\$ 5,500,159
<b>LASERS</b>			
Discount Rates	6.25%	7.25%	8.25%
Share of Net Pension Liability (Asset)	\$ 24,483	\$ 17,729	\$ 11,989

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

The City provides certain continuing health care and life insurance benefits for its retired employees. The City’s OPEB Plan is a single employer defined benefit plan administered by the City. The authority to establish 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, dental, and life insurance benefits through comprehensive plans and are made available to employees upon actual retirement. The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service.

(Continued)

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Employees Covered by Benefit Terms**

At May 31, 2025, the following employees were covered by the benefit terms:

	Amount
Inactive employee or beneficiaries currently receiving benefit payments	14
Active employees	106
Total	120

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the May 31, 2025, 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	4.0%, including inflation
Discount rate	4.13% annually (Beginning of Year to Determine ADC) 5.25%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 4.0% annually
Mortality	SOA RP-2000 Table

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

The actuarial assumptions used in the May 31, 2025 valuation were based on the results of ongoing evaluations of the assumptions from June 1, 2009 to May 31, 2025.

**Changes in the Total OPEB Liability**

	Governmental Activities	Business-type Activities	Total Primary Government
Beginning balances	\$ 7,348,265	\$ 1,745,019	\$ 9,093,284
Changes for the year:			
Service costs	152,274	36,163	188,437
Interest	300,720	71,413	372,133
Differences between expected and actual experience	(884,434)	(210,030)	(1,094,464)
Changes of assumptions	(1,000,367)	(237,561)	(1,237,928)
Benefit payments	(133,808)	(31,776)	(165,584)
Net changes:	(1,565,615)	(371,791)	(1,937,406)
Ending balances	\$ 5,782,650	\$ 1,373,228	\$ 7,155,878

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**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 a 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total OPEB liability - Primary Government	\$ 8,681,057	\$ 7,155,878	\$ 5,976,091

**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 is a 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 3.00%	Current Rate 4.00%	1% Increase 5.00%
Total OPEB liability - Primary Government	\$ 6,110,286	\$ 7,155,878	\$ 8,517,253

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended May 31, 2025, the City recognized OPEB expense of \$46,228. At May 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	\$ 492,649	\$ 1,291,419
Changes of assumptions	1,187,738	2,573,206
Total	\$ 1,680,387	\$ 3,864,625

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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 May 31,	Amount
2026	\$ (514,341)
2027	(514,341)
2028	(425,757)
2029	(250,737)
2030	(130,238)
Thereafter	(348,824)
	\$ (2,184,238)

**NOTE 12 - INTERFUND TRANSFERS**

Transfers for the year ended May 31, 2025, were as follows:

Individual Fund	Transfer In	Transfer Out
<b>Governmental activities:</b>		
General Fund:		
Capital Projects Fund	\$ -	\$ 5,000,000
Capital Projects Fund:		
General Fund	5,000,000	-
Utility Fund	-	1,060,000
Total Capital Projects Fund	5,000,000	1,060,000
Total governmental activities	5,000,000	6,060,000
<b>Business-type activities:</b>		
Utility Fund:		
Capital Projects Fund	1,060,000	-
Total primary government	\$ 6,060,000	\$ 6,060,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 13 - COMPENSATION TO THE GOVERNING BODY**

The City's elected officials' terms expired on May 31, 2025. The City compensated the members of the City Council as follows:

	Amount
John Berthelot	\$ 7,000
Kirk Boudreaux	12,000
Cynthia Gray	5,000
Terry Lambert	5,000
Erin Lanoux	7,116
Harold Stewart	7,000
Tyler Turner	12,000
Eddie Williams	5,000
Total	\$ 60,116

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**Suits and Claims**

Various suits and claims arising in the ordinary course of operations are pending against the City. The majority of cases are either covered by insurance or other defenses; however, the ultimate effect of such litigation cannot be ascertained at this time. It is the opinion of the City's management that the ultimate resolution of such litigation will not have a material effect on the financial position of the City.

**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. In addition, various risk control techniques including a drug free workplace program, employee drug screening, and employee safety programs have been implemented to minimize accident-related losses. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the past four years.

**Grants**

The City receives state and local grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of City management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

**Construction Contracts**

At May 31, 2025, the City had outstanding commitments resulting from the construction contracts in progress of \$5,415,146.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Cash and Cash Equivalents**

The City typically maintains cash and temporary investments in local banks that may, at times, exceed the FDIC insurance limits of \$250,000. Amounts in excess of FDIC limits are required by law to be collateralized by securities pledged by the bank.

**NOTE 15 - TAX ABATEMENT**

The City entered into an agreement with the Industrial Development Board of the City of Gonzales, Louisiana, Inc. (IDB) pursuant to Part II of chapter 27 of Title 33 of the Louisiana Revised Statutes of the 1950, as amended (La. R.S. 33:9038.31 to 33:9038.42, inclusive) (the "Tax Increment Development Act".) These statutes grant the City the authority to create economic development districts, and through itself or certain other issuers of bonds, including local industrial development boards, to issue bonds and pledge to the payment of such bonds the incremental increases in sales taxes derived from the project or development located in the economic district and financed with such bonds. The City has agreed to abate 1.5 cents of its 2 cents sales tax collected within the economic development district. The State of Louisiana agreed to abate 1.5 cents of its sales tax collected within the district up to a maximum of \$10,500,000.

The IDB issued Tax Increment Revenue Bonds to assist Cabela's Retail LA, LLC and Carlisle Resort, L.L.C, with the acquisition of land, construction and equipping of a Cabela's retail outlet and certain infrastructure. The entire amount of the sales tax is dedicated to the payment of the Tax Increment Revenue Bonds issued by the Industrial Development Board of the City of Gonzales. For the year ended May 31, 2025 the City abated \$986,646 of sales taxes.

The City created the Tanger Mall Economic Development District, (the District) pursuant to La. R.S. 33:9038.32. La L.S. 33:9038.39 permits economic development districts to levy sales and use taxes up to 2%. The City of Gonzales adopted Ordinance No. 2999 to levy a 1% sales tax in the District for twenty years. The City of Gonzales, Tanger Mall Economic District, and Tanger Properties Limited Partnership entered into a Cooperative Endeavor Agreement whereby 70% of the proceeds of the tax will be used to reimburse Tanger Properties Limited Partnership for documented construction cost to enlarge the buildings, tenant allowances and improvements to the infrastructure up to \$14,836,092. The remaining 30% of the tax may be expended by the City or the District to pay for economic development projects in the City, whether inside or outside of the District. For the year ended May 31, 2025 the City abated \$651,347.

The City created the Conway Economic Development District pursuant to La. R.S. 33:9038.32. La L.S. 33:9038.39 permits economic development districts to levy sales and use taxes up to 2% and to levy occupancy taxes up to 2%. The City of Gonzales adopted Ordinance No. 4065 to levy 1% sales and 1% hotel tax in the District for twenty-five years. The City of Gonzales, Conway Economic District, State of Louisiana and Conway Development LLC entered into a Cooperative Endeavor Agreement whereby the proceeds of the tax collections in the District will be used to reimburse Conway Development LLC for Phase 1 & 2 infrastructure improvements. For the year ended May 31, 2025, the City abated \$101,357.

**NOTE 16 - RESTATEMENT OF NET POSITION**

**Current Accounting Standards Implemented**

During the year the City implemented GASB Statement No. 101, Compensated Absences and the implementation of the standard was applied retrospectively. As a result, the beginning net position of the governmental activities were restated to reflect the recognition criteria for compensated absences under GASB Statement No. 101. The impacts on net position of the City's governmental activities are as follows:

	<u>Amount</u>
Net position - beginning of year, as previously stated	\$ 54,942,675
Adjustment for implementation of GASB 101 - Compensated Absences	<u>(214,954)</u>
Net position - beginning of year, restated	<u>\$ 54,727,721</u>

The implementation of this standard did not impact the governmental fund types or proprietary fund types of the City.

**CITY OF GONZALES, LOUISIANA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GONZALES, LOUISIANA  
GENERAL FUND**

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

For the year ended May 31, 2025

	Original Budget	Final Budget	Actual	Variance - positive (negative)
<b>REVENUES</b>				
Taxes:				
Sales	\$ 14,235,000	\$ 14,235,000	\$ 15,212,201	\$ 977,201
Ad valorem	1,050,000	1,746,000	1,746,658	658
Franchise and other	1,296,000	1,706,000	1,869,259	163,259
Charges for services:				
Licenses and permits	1,615,000	1,115,000	1,286,763	171,763
Fines and forfeitures	122,500	122,500	240,870	118,370
Facility rentals	150,800	254,740	253,277	(1,463)
Fire protection services	1,516,000	820,000	1,175,557	355,557
Police security detail	-	755,744	849,606	93,862
Intergovernmental:				
Federal grants	1,148,744	168,000	180,035	12,035
State and local grants	14,940	150,000	419,300	269,300
Interest earnings	102,000	100,000	663,527	563,527
Miscellaneous	201,100	232,818	288,071	55,253
Total revenues	<u>21,452,084</u>	<u>21,405,802</u>	<u>24,185,124</u>	<u>2,779,322</u>
<b>EXPENDITURES</b>				
Current function:				
General government	2,871,350	2,990,245	2,888,186	102,059
Public safety:				
Police	8,189,500	8,806,500	8,601,615	204,885
Fire	4,533,425	4,615,250	4,656,060	(40,810)
Streets and drainage	1,726,955	1,654,955	1,417,169	237,786
Sanitation	1,376,400	1,421,400	1,375,030	46,370
Recreation, buildings, and grounds	2,021,488	2,057,188	1,773,480	283,708
Civic center	87,250	-	-	-
Code enforcement	607,120	578,275	502,501	75,774
Debt service:				
Principal	-	-	20,545	(20,545)
Interest	-	-	1,869	(1,869)
Total expenditures	<u>21,413,488</u>	<u>22,123,813</u>	<u>21,236,455</u>	<u>887,358</u>
Excess (deficiency) of revenues over expenditures	<u>38,596</u>	<u>(718,011)</u>	<u>2,948,669</u>	<u>3,666,680</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from insurance	-	661,400	661,815	415
Proceeds from sale of assets	-	85,000	104,303	19,303
Transfers out	-	(4,100,000)	(5,000,000)	(900,000)
Total other financing sources (uses)	<u>-</u>	<u>(3,353,600)</u>	<u>(4,233,882)</u>	<u>(880,282)</u>
Net change in fund balance	38,596	(4,071,611)	(1,285,213)	<u>\$ 2,786,398</u>
<b>FUND BALANCE</b>				
Beginning of year	<u>16,621,957</u>	<u>16,621,957</u>	<u>16,621,957</u>	
End of year	<u>\$ 16,660,553</u>	<u>\$ 12,550,346</u>	<u>\$ 15,336,744</u>	

See accompanying notes to required supplementary information.

**CITY OF GONZALES, LOUISIANA  
TANGER MALL  
ECONOMIC DEVELOPMENT DISTRICT FUND  
SPECIAL REVENUE FUND**

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

For the year ended May 31, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>REVENUES</b>				
Sales tax	\$ 1,080,000	\$ 865,000	\$ 930,497	\$ 65,497
Investment earnings	<u>10,000</u>	<u>10,000</u>	<u>52,822</u>	<u>42,822</u>
Total revenues	<u>1,090,000</u>	<u>875,000</u>	<u>983,319</u>	<u>108,319</u>
<b>EXPENDITURES</b>				
Current function:				
Economic development	<u>1,060,000</u>	<u>625,000</u>	<u>666,370</u>	<u>(41,370)</u>
Excess of revenues over expenditures	30,000	250,000	316,949	<u>\$ 66,949</u>
<b>FUND BALANCE</b>				
Beginning of year	<u>1,092,453</u>	<u>1,092,453</u>	<u>1,092,453</u>	
End of year	<u>\$ 1,122,453</u>	<u>\$ 1,342,453</u>	<u>\$ 1,409,402</u>	

**CITY OF GONZALES, LOUISIANA**  
**CONWAY**  
**ECONOMIC DEVELOPMENT DISTRICT FUND**  
**SPECIAL REVENUE FUND**

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

For the year ended May 31, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>REVENUES</b>				
Sales tax	\$ 135,000	\$ 90,000	\$ 101,357	\$ 11,357
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>5,281</u>	<u>281</u>
Total revenues	<u>140,000</u>	<u>95,000</u>	<u>106,638</u>	<u>11,638</u>
<b>EXPENDITURES</b>				
Current function:				
Economic development	<u>140,000</u>	<u>95,000</u>	<u>29,019</u>	<u>65,981</u>
Excess of revenues over expenditures	-	-	77,619	<u>\$ 77,619</u>
<b>FUND BALANCE</b>				
Beginning of year	<u>3,857</u>	<u>3,857</u>	<u>3,857</u>	
End of year	<u>\$ 3,857</u>	<u>\$ 3,857</u>	<u>\$ 81,476</u>	

**CITY OF GONZALES, LOUISIANA  
PACE CENTER  
ECONOMIC DEVELOPMENT DISTRICT FUND  
SPECIAL REVENUE FUND**

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

For the year ended May 31, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>REVENUES</b>				
Sales tax	\$ 700,000	\$ 700,000	\$ 650,390	\$ (49,610)
Charges for services	426,100	441,100	263,686	(177,414)
Investment earnings	20,000	20,000	4,165	(15,835)
Miscellaneous	<u>17,500</u>	<u>2,500</u>	<u>56,250</u>	<u>53,750</u>
Total revenues	<u>1,163,600</u>	<u>1,163,600</u>	<u>974,491</u>	<u>(189,109)</u>
<b>EXPENDITURES</b>				
Current function:				
Recreation, building and grounds	811,100	811,100	709,898	101,202
Debt service:				
Principal	181,000	181,000	181,000	-
Interest	<u>164,628</u>	<u>164,628</u>	<u>177,593</u>	<u>(12,965)</u>
Total expenditures	<u>1,156,728</u>	<u>1,156,728</u>	<u>1,068,491</u>	<u>88,237</u>
Excess of revenues over expenditures	6,872	6,872	(94,000)	<u>\$ (100,872)</u>
<b>FUND BALANCE</b>				
Beginning of year	<u>653,326</u>	<u>653,326</u>	<u>653,326</u>	
End of year	<u>\$ 660,198</u>	<u>\$ 660,198</u>	<u>\$ 559,326</u>	

**CITY OF GONZALES, LOUISIANA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS (1)**

<b>As of the fiscal year ended (1):</b>	<b>2025</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	2.9622%	1.0207%	0.0003%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,335,793	\$ 9,248,279	\$ 17,729
Employer's Covered Payroll	\$ 6,035,734	\$ 3,991,510	\$ 7,110
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	138.11%	231.70%	249.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.05%	75.84%	74.60%
 <b>As of the fiscal year ended (1):</b>	<b>2024</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	2.7979%	0.9891%	0.0003%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,223,053	\$ 10,449,610	\$ 22,691
Employer's Covered Payroll	\$ 5,622,117	\$ 3,348,716	\$ 7,110
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	181.84%	312.05%	319.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.46%	71.30%	68.40%
 <b>As of the fiscal year ended (1):</b>	<b>2023</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	2.8471%	1.0541%	0.0004%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,824,705	\$ 10,775,223	\$ 27,366
Employer's Covered Payroll	\$ 5,206,396	\$ 3,196,645	\$ 7,110
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	227.12%	337.08%	384.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.87%	70.80%	63.70%

(1) The amounts presented are based on the measurement date of the three retirement systems.

The three retirement systems reported in this schedule are as follows:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

LASERS = Louisiana State Employees' Retirement System

See accompanying notes to required supplementary information.

**CITY OF GONZALES, LOUISIANA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF NET PENSION LIABILITY**

**LAST TEN FISCAL YEARS (1)**

<b>As of the fiscal year ended (1):</b>	<b>2022</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	2.5820%	1.0299%	0.0004%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,181,791	\$ 5,490,053	\$ 20,145
Employer's Covered Payroll	\$ 5,031,544	\$ 3,114,733	\$ 7,110
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	142.74%	176.26%	283.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.82%	72.80%	65.70%
 <b>As of the fiscal year ended (1):</b>	<b>2021</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	2.5932%	0.9767%	0.0004%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,211,512	\$ 9,027,058	\$ 30,159
Employer's Covered Payroll	\$ 4,956,325	\$ 2,801,533	\$ 7,110
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	226.21%	322.22%	424.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.52%	70.95%	58.00%
 <b>As of the fiscal year ended (1):</b>	<b>2020</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	2.5712%	0.8636%	0.0004%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,743,999	\$ 7,843,543	\$ 26,734
Employer's Covered Payroll	\$ 4,728,538	\$ 2,593,846	\$ 6,778
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	227.22%	302.39%	394.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.68%	71.01%	62.90%

(1) The amounts presented are based on the measurement date of the three retirement systems.

The three retirement systems reported in this schedule are as follows:

- MERS (Plan A) = Municipal Employees' Retirement System
- MPERS = Municipal Police Employees' Retirement System
- LASERS = Louisiana State Employees' Retirement System

See accompanying notes to required supplementary information.

**CITY OF GONZALES, LOUISIANA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF NET PENSION LIABILITY**

**LAST TEN FISCAL YEARS (1)**

<b>As of the fiscal year ended (1):</b>	<b>2019</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	2.5569%	0.8857%	0.0004%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,587,084	\$ 7,487,593	\$ 26,530
Employer's Covered Payroll	\$ 4,660,826	\$ 2,608,319	\$ 7,110
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	227.15%	287.07%	373.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.94%	71.89%	64.30%

<b>As of the fiscal year ended (1):</b>	<b>2018</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	2.5535%	0.9181%	0.0004%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,682,388	\$ 8,015,340	\$ 28,366
Employer's Covered Payroll	\$ 4,637,341	\$ 2,589,029	\$ 7,110
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	230.36%	309.59%	398.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.49%	70.08%	62.54%

<b>As of the fiscal year ended (1):</b>	<b>2017</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	2.6266%	0.0967%	0.0004%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,765,468	\$ 9,059,615	\$ 31,489
Employer's Covered Payroll	\$ 4,692,636	\$ 2,730,300	\$ 7,110
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	229.41%	331.82%	442.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.11%	66.04%	57.73%

(1) The amounts presented are based on the measurement date of the three retirement systems.

The three retirement systems reported in this schedule are as follows:  
MERS (Plan A) = Municipal Employees' Retirement System  
MPERS = Municipal Police Employees' Retirement System  
LASERS = Louisiana State Employees' Retirement System

See accompanying notes to required supplementary information.

**CITY OF GONZALES, LOUISIANA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF NET PENSION LIABILITY**

**LAST TEN FISCAL YEARS (1)**

As of the fiscal year ended (1):	2016		
	MERS (Plan A)	MPERS	LASERS
Employer's Proportion of the Net Pension Liability (Asset)	2.5757%	0.9419%	0.0004%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,200,665	\$ 7,378,794	\$ 26,118
Employer's Covered Payroll	\$ 4,399,294	\$ 2,517,759	\$ 7,110
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	209.14%	293.07%	367.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.18%	70.73%	62.66%

*(1) The amounts presented are based on the measurement date of the three retirement systems.*

The three retirement systems reported in this schedule are as follows:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

LASERS = Louisiana State Employees' Retirement System

See accompanying notes to required supplementary information.

**CITY OF GONZALES, LOUISIANA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	<b>2025</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Contractually Required Contribution	\$ 1,786,781	\$ 1,373,693	\$ 2,800
Contributions in Relation to Contractually Required Contribution	<u>1,786,781</u>	<u>1,373,693</u>	<u>2,800</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Employer's Covered Payroll	6,355,722	3,871,998	7,110
Contributions as a % of Covered Payroll	28.11%	35.48%	39.38%
	<b>2024</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Contractually Required Contribution	\$ 1,769,811	\$ 1,207,570	\$ 3,171
Contributions in Relation to Contractually Required Contribution	<u>1,769,812</u>	<u>1,207,477</u>	<u>3,168</u>
Contribution Deficiency (Excess)	\$ (1)	\$ 93	\$ 3
Employer's Covered Payroll	5,999,359	3,580,107	7,110
Contributions as a % of Covered Payroll	29.50%	33.73%	44.60%
	<b>2023</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Contractually Required Contribution	\$ 1,653,140	\$ 1,040,064	\$ 3,114
Contributions in Relation to Contractually Required Contribution	<u>1,653,140</u>	<u>1,039,903</u>	<u>3,110</u>
Contribution Deficiency (Excess)	\$ -	\$ 161	\$ 4
Employer's Covered Payroll	5,603,866	3,339,960	7,110
Contributions as a % of Covered Payroll	29.50%	31.14%	43.80%
	<b>2022</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Contractually Required Contribution	\$ 1,536,666	\$ 960,376	\$ 3,064
Contributions in Relation to Contractually Required Contribution	<u>1,536,405</u>	<u>959,198</u>	<u>3,061</u>
Contribution Deficiency (Excess)	\$ 261	\$ 1,178	\$ 3
Employer's Covered Payroll	5,173,959	3,190,615	7,110
Contributions as a % of Covered Payroll	29.70%	30.10%	43.09%
	<b>2021</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Contractually Required Contribution	\$ 1,477,406	\$ 1,036,526	\$ 3,079
Contributions in Relation to Contractually Required Contribution	<u>1,475,691</u>	<u>1,036,910</u>	<u>3,076</u>
Contribution Deficiency (Excess)	\$ 1,715	\$ (384)	\$ 3
Employer's Covered Payroll	5,025,192	3,080,315	7,110
Contributions as a % of Covered Payroll	29.40%	33.65%	43.31%

The three retirement systems reported in this schedule are as follows:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

LASERS = Louisiana State Employees' Retirement System

See accompanying notes to required supplementary information.

**CITY OF GONZALES, LOUISIANA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	<b>2020</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Contractually Required Contribution	\$ 1,364,049	\$ 910,454	\$ 2,972
Contributions in Relation to Contractually Required Contribution	1,364,968	909,915	2,965
Contribution Deficiency (Excess)	\$ (919)	\$ 539	\$ 7
Employer's Covered Payroll	4,942,205	2,801,396	7,110
Contributions as a % of Covered Payroll	27.60%	32.50%	41.80%
	<b>2019</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Contractually Required Contribution	\$ 1,219,703	\$ 830,154	\$ 2,718
Contributions in Relation to Contractually Required Contribution	1,221,843	832,665	2,819
Contribution Deficiency (Excess)	\$ (2,140)	\$ (2,511)	\$ (101)
Employer's Covered Payroll	4,708,024	2,583,655	6,778
Contributions as a % of Covered Payroll	25.91%	32.13%	40.10%
	<b>2018</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Contractually Required Contribution	\$ 1,190,290	\$ 832,717	\$ 2,851
Contributions in Relation to Contractually Required Contribution	1,189,210	834,390	2,851
Contribution Deficiency (Excess)	\$ 1,080	\$ (1,673)	\$ -
Employer's Covered Payroll	4,853,118	2,698,068	7,110
Contributions as a % of Covered Payroll	24.53%	30.86%	40.10%
	<b>2017</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Contractually Required Contribution	\$ 1,032,373	\$ 819,227	\$ 2,702
Contributions in Relation to Contractually Required Contribution	1,032,373	813,739	2,702
Contribution Deficiency (Excess)	\$ -	\$ 5,488	\$ -
Employer's Covered Payroll	4,608,662	2,598,785	7,110
Contributions as a % of Covered Payroll	22.40%	31.49%	38.00%
	<b>2016</b>		
	<b>MERS (Plan A)</b>	<b>MPERS</b>	<b>LASERS</b>
Contractually Required Contribution	\$ 892,729	\$ 778,522	\$ 2,729
Contributions in Relation to Contractually Required Contribution	892,729	778,522	2,729
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Employer's Covered Payroll	4,520,147	2,622,329	7,110
Contributions as a % of Covered Payroll	19.75%	29.65%	38.38%

The three retirement systems reported in this schedule are as follows:

- MERS (Plan A) = Municipal Employees' Retirement System
- MPERS = Municipal Police Employees' Retirement System
- LASERS = Louisiana State Employees' Retirement System

See accompanying notes to required supplementary information.

**CITY OF GONZALES, LOUISIANA**  
**SCHEDULE OF CHANGES IN NET**  
**OTHER POST EMPLOYMENT BENEFITS LIABILITY**  
**AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS (1)**

<b>Total OPEB Liability</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Service cost	\$ 188,437	\$ 229,226	\$ 253,379
Interest cost	372,133	335,493	299,976
Differences between expected and actual experience	(1,094,464)	206,650	(11,475)
Changes of assumptions	(1,237,928)	(530,035)	(832,023)
Benefit payments	(165,584)	(236,893)	(227,782)
<b>Net change in total OPEB liability</b>	<b>(1,937,406)</b>	<b>4,441</b>	<b>(517,925)</b>
<b>Total OPEB liability - beginning</b>	<b>9,093,284</b>	<b>9,088,843</b>	<b>9,606,768</b>
<b>Total OPEB liability - ending</b>	<b>\$ 7,155,878</b>	<b>\$ 9,093,284</b>	<b>\$ 9,088,843</b>
Covered employee payroll	<u>\$ 6,872,439</u>	<u>\$ 7,052,769</u>	<u>\$ 6,781,509</u>
Net OPEB liability as a percentage of covered employee payroll	104.12%	128.93%	134.02%
 <b>Total OPEB Liability</b>	 <b>2022</b>	 <b>2021</b>	 <b>2020</b>
Service cost	\$ 310,502	\$ 304,550	\$ 216,941
Interest cost	235,512	266,230	295,234
Differences between expected and actual experience	258,808	(1,088,074)	468,258
Changes of assumptions	(1,483,951)	467,986	1,700,314
Benefit payments	(269,956)	(259,850)	(217,678)
<b>Net change in total OPEB liability</b>	<b>(949,085)</b>	<b>(309,158)</b>	<b>2,463,069</b>
<b>Total OPEB liability - beginning</b>	<b>10,555,853</b>	<b>10,865,011</b>	<b>8,401,942</b>
<b>Total OPEB liability - ending</b>	<b>\$ 9,606,768</b>	<b>\$ 10,555,853</b>	<b>\$ 10,865,011</b>
Covered employee payroll	<u>\$ 7,471,076</u>	<u>\$ 7,183,737</u>	<u>\$ 6,525,888</u>
Net OPEB liability as a percentage of covered employee payroll	128.59%	146.94%	166.49%
 <b>Total OPEB Liability</b>	 <b>2019</b>		
Service cost	\$ 201,657		
Interest cost	297,987		
Differences between expected and actual experience	(32,650)		
Changes of assumptions	407,746		
Benefit payments	(226,957)		
<b>Net change in total OPEB liability</b>	<b>647,783</b>		
<b>Total OPEB liability - beginning</b>	<b>7,754,159</b>		
<b>Total OPEB liability - ending</b>	<b>\$ 8,401,942</b>		
Covered employee payroll	<u>\$ 6,274,892</u>		
Net OPEB liability as a percentage of covered employee payroll	133.90%		

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF GONZALES, LOUISIANA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For the year ended May 31, 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 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 budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

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, involving the transfer of funds from one department or involving increases in expenditures resulting from revenues exceeding amounts, 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.

**NOTE 2 - EXPENDITURES EXCEEDING APPROPRIATIONS**

Excess expenditures over appropriations in functions within the governmental funds occurred as follows:

	<u>Revised Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Excess over Budget</u>
<b>General Fund</b>			
<b>Current function:</b>			
Public safety:			
Fire	\$ 4,615,250	\$ 4,656,060	\$ (40,810)
Debt service	-	22,414	(22,414)
Total	<u>\$ 4,615,250</u>	<u>\$ 4,678,474</u>	<u>\$ (63,224)</u>
<b>Tanger Mall Economic Development District Fund</b>			
<b>Current function:</b>			
Economic development	<u>\$ 625,000</u>	<u>\$ 666,370</u>	<u>\$ (41,370)</u>
<b>PACE Center Economic Development District Fund</b>			
Debt service	<u>\$ 345,628</u>	<u>\$ 358,593</u>	<u>\$ (12,965)</u>

**NOTE 3 - PENSION PLANS**

Changes in benefit terms and assumptions are as follows:

**MERS**

Measurement Date	Investment Rate of Return		Inflation Rates		Change of Benefit Terms	
	Rate	Change	Rate	Change	Years	Change
June 30, 2024	6.85%	0.00%	2.50%	0.00%	3	-
June 30, 2023	6.85%	0.00%	2.50%	0.00%	3	-
June 30, 2022	6.85%	0.00%	2.50%	0.00%	3	-
June 30, 2021	6.85%	-0.10%	2.50%	0.00%	3	-
June 30, 2020	6.95%	-0.05%	2.50%	0.00%	3	-
June 30, 2019	7.00%	-0.27%	2.50%	-0.10%	3	-
June 30, 2018	7.28%	-0.13%	2.60%	-0.18%	3	-
June 30, 2017	7.40%	-0.10%	2.78%	-0.10%	3	-
June 30, 2016	7.50%	0.00%	2.88%	0.00%	3	-
June 30, 2015	7.50%		2.88%		3	

**MPERS**

Measurement Date	Investment Rate of Return		Inflation Rates		Change of Benefit Terms	
	Rate	Change	Rate	Change	Years	Change
June 30, 2024	6.75%	0.00%	2.50%	0.00%	4	-
June 30, 2023	6.75%	0.00%	2.50%	0.00%	4	-
June 30, 2022	6.75%	0.00%	2.50%	0.00%	4	-
June 30, 2021	6.75%	-0.20%	2.50%	0.00%	4	-
June 30, 2020	6.95%	-0.18%	2.50%	0.00%	4	-
June 30, 2019	7.13%	-0.07%	2.50%	-0.10%	4	-
June 30, 2018	7.20%	-0.13%	2.60%	-0.10%	4	-
June 30, 2017	7.33%	-0.18%	2.70%	-0.18%	4	-
June 30, 2016	7.50%	0.00%	2.88%	0.00%	4	-
June 30, 2015	7.50%		2.88%		4	

**NOTE 2 - PENSION PLANS (CONTINUED)**

**LASERS**

Measurement Date	Investment Rate of Return		Inflation Rates		Change of Benefit Terms	
	Rate	Change	Rate	Change	Years	Change
June 30, 2024	7.25%	0.00%	2.40%	0.10%	2	-
June 30, 2023	7.25%	0.00%	2.30%	0.00%	2	-
June 30, 2022	7.25%	-0.15%	2.30%	0.00%	2	-
June 30, 2021	7.40%	-0.15%	2.30%	0.00%	2	-
June 30, 2020	7.55%	-0.05%	2.30%	-0.20%	2	-
June 30, 2019	7.60%	-0.05%	2.50%	-0.25%	2	(1)
June 30, 2018	7.65%	-0.05%	2.75%	0.00%	3	-
June 30, 2017	7.70%	-0.05%	2.75%	-0.25%	3	-
June 30, 2016	7.75%	0.00%	3.00%	0.00%	3	-
June 30, 2015	7.75%		3.00%		3	

**NOTE 3 - NET OTHER POST EMPLOYMENT BENEFITS**

Changes in benefit terms and assumptions for the City's OPEB plan are as follows:

Fiscal year ended	Discount Rates		Inflation Rates		Healthcare Trend Rates	
	Rate	Change	Rate	Change	Rate	Change
June 30, 2025	5.25%	1.12%	2.50%	0.00%	4.00%	0.00%
June 30, 2024	4.13%	0.39%	2.50%	0.00%	4.00%	0.00%
June 30, 2023	3.74%	0.58%	2.50%	0.00%	4.00%	0.00%
June 30, 2022	3.16%	0.90%	2.50%	0.00%	4.00%	0.00%
June 30, 2021	2.26%	-0.22%	2.50%	0.00%	4.00%	0.00%
June 30, 2020	2.48%	-1.08%	2.50%	0.00%	4.00%	0.00%
June 30, 2019	3.56%	-0.07%	2.50%	0.00%	4.00%	0.00%
June 30, 2018	3.63%		2.50%		4.00%	

**CITY OF GONZALES, LOUISIANA**

**SUPPLEMENTARY INFORMATION**

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

For the year ended May 31, 2025

**Agency Head:** Timothy Riley, Mayor

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 54,460
Benefits - insurance	11,146
Benefits - retirement	6,603
Travel and conference registration	3,890
Phone allowance	185
Total	\$ 76,284

**CITY OF GONZALES, LOUISIANA**  
**ACT 87 JUSTICE SYSTEM FUNDING SCHEDULE**  
**COLLECTING/DISBURSING ENTITY**

For the year ended May 31, 2025

	<b>First Six Month Period Ending, November 30, 2024</b>	<b>Second Six Month Period Ending, May 31, 2025</b>
<b>BEGINNING BALANCE OF AMOUNTS COLLECTED</b>	\$ 206,102	\$ 239,833
<b>COLLECTIONS:</b>		
Bond Fees	2,500	500
Criminal Court Costs/Fees	129,312	111,462
Criminal Fines - Contempt	17,490	16,405
Restitution	4,813	7,549
<b>TOTAL COLLECTIONS:</b>	<u>154,115</u>	<u>135,916</u>
<b>DISBURSEMENTS TO GOVERNMENTS AND NON-PROFITS:</b>		
Ascension Parish Clerk of Court/Criminal Court Costs/Fees	5,470	4,625
Ascension Parish Court Fund/Criminal Court Costs/Fees	8,055	7,650
23rd Judicial District Public Defender's Office/Criminal Court Costs/Fees	24,165	22,950
Parish of Ascension Witness Fund/Criminal Court Costs/Fees	18,258	17,340
LDHH Tramatic Head & Spinal Cord Injury Trust Fund/Criminal Court Costs/Fees	430	865
LA State Police Academy Applied Technology-Intoxilyzer/Criminal Court Costs/Fees	950	350
Treasurer, State of Louisiana-CMIS/Criminal Court Costs/Fees	1,611	1,530
Ascension Clerk Fund/Criminal Court Costs/Fees	11,170	11,045
Ascension Parish Court/Criminal Fines - Contempt	12,020	11,780
District Attorney's Office 23rd JDC/Criminal Court Costs/Fees	10,740	10,200
Crime Stoppers/Criminal Court Costs/Fees	1,074	1,020
Louisiana Supreme Court/Criminal Court Costs/Fees	267	253
LA Commission of Law Enforcement/Criminal Court Costs/Fees	2,167	2,077
<b>TOTAL DISBURSEMENTS</b>	<u>96,377</u>	<u>91,685</u>
<b>AMOUNT "SELF-DISBURSED" TO COLLECTING AGENCY</b>	<u>9,938</u>	<u>10,710</u>
<b>DISBURSEMENTS TO INDIVIDUALS/THIRD PARTY COLLECTION OR PROCESSING AGENCIES:</b>		
Bond Fee Refunds	7,500	-
Restitution Payments to Individuals (additional detail is not required)	3,563	5,927
Payments to 3rd Party Collection/Processing Agencies	3,006	4,186
<b>TOTAL DISBURSEMENTS / RETAINAGE</b>	<u>120,384</u>	<u>112,508</u>
<b>TOTAL ENDING BALANCE OF AMOUNTS COLLECTED AND NOT DISBURSED</b>	<u>\$ 239,833</u>	<u>\$ 263,242</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***

To the Honorable Mayor and Members of the City Council  
City of Gonzales, 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 Gonzales, Louisiana (the "City") as of and for the year ended May 31, 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 February 23, 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 responses as item 2025-001, 2025-002, and 2025-003 that we consider to be material weaknesses.



To the Honorable Mayor and Members of the City Council  
City of Gonzales, Louisiana  
February 23, 2026

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 responses as items 2025-001, 2025-004, and 2025-005.

### **City's Response to Findings**

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

### **Purpose of this Report**

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

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

February 23, 2026  
Baton Rouge, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE FOR THE U.S.  
DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL  
RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS FOR AN  
ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT**

To the Honorable Mayor and Members of the City Council  
City of Gonzales, Louisiana

We have examined City of Gonzales, Louisiana's (the "City") compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2024 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended May 31, 2025. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City of complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

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



**ERICKSEN KRENTEL**<sup>LLP</sup>

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Honorable Mayor and Members of the City Council  
City of Gonzales, Louisiana  
February 23, 2026

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the City’s compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City’s compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects, with the specified requirements referenced above during the year ended May 31, 2025. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

February 23, 2026  
Baton Rouge, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**CITY OF GONZALES, LOUISIANA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED MAY 31, 2025**

**SECTION I- SUMMARY OF AUDITORS' REPORT**

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the City of Gonzales, Louisiana (the City).
2. Three material weaknesses in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. Three instances of noncompliance material to the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No findings are reported in the Independent Accountants' Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination.
5. A management letter was not issued for the year ended May 31, 2025.

**SECTION II – FINDINGS - FINANCIAL STATEMENT AUDIT**

**Material Weakness**

**Finding 2025-001 Public Works Procurements – Noncompliance with Louisiana Public Bid Law and Inadequate Procurement Documentation**

**Condition:** For the year ended May 31, 2025, the City incurred costs for four public works projects totaling \$1,665,318 that exceeded the public works threshold. The City was unable to provide documentation supporting compliance with the public bid requirements for these projects.

In addition, for one project tested, payments were made through multiple invoices for the same vendor and project scope that, when aggregated, exceeded the public works threshold. The City did not provide documentation demonstrating the procurement was publicly advertised and competitively bid as required. Further, the City did not maintain documentation supporting its evaluation of contractor responsibility/qualifications prior to award.

**Criteria:** Louisiana Revised Statute (R.S.) 38:2212 requires public entities to advertise and award public works contracts to the lowest responsible and responsive bidder when the contract amount meets or exceeds the applicable public works threshold of \$250,000.

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

Effect: Without adequate documentation, the City cannot demonstrate compliance with Louisiana Public Bid Law requirements. The lack of competitive procurement documentation and lack of documented contractor responsibility/qualification evaluation increase the risk that public works contracts may not be awarded in a manner that ensures open competition and best value for public funds and may result in award to contractors that do not meet the City's needs or applicable requirements.

Cause: The City did not implement or consistently perform controls to ensure (1) public works procurements are bid in accordance with R.S. 38:2212 when the total project cost meets or exceeds the statutory threshold, including consideration of aggregated project costs, and (2) complete procurement files are maintained, including documentation of contractor responsibility/qualification evaluation prior to award.

Recommendation: We recommend the City establish and implement procedures and internal controls to ensure compliance with R.S. 38:2212 for public works procurements, including:

- Maintaining complete procurement files for each project (advertisements, bid packages, bids received, bid tabulations, award/contract approvals, and related correspondence);
- Implementing procedures to identify and prevent invoice/contract structuring that results in bypassing the public bid threshold (including review of total project cost by project/scope/vendor);
- Establishing and documenting responsibility/qualification criteria for public works contractors and retaining evidence of the evaluation prior to award; and
- Assigning responsibility for documenting and retaining procurement records and performing supervisory review.

View of Responsible Officials: Management agrees with the finding. See Management's Corrective Action Plan for further information.

Finding 2025-002 Credit Card Purchases

Condition: During our audit procedures, we noted deficiencies in the City's controls over credit card purchases, including the following.

- Monthly credit card statements did not have evidence of review and approval by an individual independent of the cardholder.
- Several monthly credit card statements were not obtained/retained by the City, therefore, we were unable to test the related transactions.
- Supporting documentation for credit card purchases was incomplete. Although City policy requires employees to submit receipts, the process was not consistently enforced, and oversight procedures were not in place to ensure completeness of documentation.

Criteria: A properly designed and implemented internal control system over credit card activity includes (1) independent review and approval of monthly credit card statements and related supporting documentation, (2) retention of complete records (including all monthly statements), and (3) enforcement of policies requiring submission of receipts and

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

documentation to support expenditures. These controls help ensure credit card purchases are authorized, supported, accurately recorded, and that improper or unallowable charges are identified timely.

Effect: Due to the lack of independent review and incomplete supporting documentation, the City's internal control over credit card purchases was not operating effectively. In addition, because certain monthly statements were not retained, we were unable to perform audit procedures over all credit card transactions. These conditions increase the risk that unauthorized, unsupported, or inappropriate credit card expenditures could occur and not be detected timely, and that expenditures may be misstated.

Cause: Management has not implemented and consistently performed control activities to ensure (1) all monthly credit card statements are obtained and retained, (2) statements and purchases are reviewed and approved by an independent individual, and (3) compliance with the receipt submission requirement is monitored and enforced.

Recommendation: We recommend the City strengthen controls over credit card purchases by:

- Independent review/approval: Require monthly credit card statements and supporting documentation to be reviewed and approved (with documented evidence) by a supervisor or other individual independent of the cardholder.
- Complete statement retention: Establish procedures to ensure all monthly credit card statements are obtained directly from the issuer (or electronically accessed), retained, and reconciled timely.
- Receipt enforcement: Enforce the receipt submission policy by requiring receipts for all purchases, investigating missing receipts, and applying corrective actions as necessary.
- Standardization and monitoring: Implement a standardized credit card packet/checklist (statement, receipts, business purpose, allocation coding, approvals) and periodic monitoring to confirm compliance.

View of Responsible Officials: Management agrees with the finding. See Management's Corrective Action Plan for further information.

Finding 2025-003 Gas Service Rates Billed Not in Accordance with Adopted Ordinance

Condition: For the year ending May 31, 2025, the City applied an additional 5% delivery charge for customers inside the city limits or 25% delivery charge for customers outside the city limits to the MCF charge for gas.

Criteria: City of Gonzales Code, Chapter 20 (Utilities), Article II (Gas), Section 20-20 establishes the gas rate calculation based on (1) fixed operating costs and (2) the cost of gas purchased from the supplier, with the resulting rate billed as a per MCF charge.

Effect: The City's gas billings were not consistent with the rates authorized by ordinance, resulting in noncompliance with the City's adopted rate ordinance.

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

Cause: The City's gas billing rates were applied based on a long-standing practice that included an additional markup for customers inside and outside city limits. The rate calculation methodology including the markup was not updated to reflect the rate structure authorized by ordinance.

Recommendation: The City should amend its gas rate ordinance, as appropriate, to reflect the rate methodology currently being applied and implement a periodic review to ensure billed rates remain consistent with the ordinance.

View of Responsible Officials: Management agrees with the finding. See Management's Corrective Action Plan for further information.

**Compliance Findings**

See finding 2025-001 Public Works Procurements – Noncompliance with Louisiana Public Bid Law and Inadequate Procurement Documentation for noncompliance finding.

Finding 2025-004 Failure to Comply with Local Government Budget Act Regarding Requirement to Amend the Budget If Greater Than 5% Unfavorable Variance in Total Revenues or Expenditures

Condition: The Tanger Mall Economic Development District Fund's total expenditures exceeded budgeted expenditures by more than 5%, and the PACE Center Economic Development District Fund's total revenues were less than budgeted revenues by more than 5%.

Criteria: R.S. 39:1311 requires that the budget of a fund be amended in the event that total revenue and other sources plus projected revenue are failing to meet total budgeted revenues and other sources by 5% or more, or total expenditures and other uses plus projected expenditures and other uses within a fund are exceeding the total budgeted expenditures and other uses by 5% or more.

Effect: Revenues and expenditures could be made in a manner inconsistent with the Council's approval.

Cause: While the City had controls in place to amend the budget for unfavorable variances, the City did not amend the budget sufficiently enough to not report an unfavorable variance in identified funds.

Recommendation: The City should put procedures in place to review and make amendments as necessary to sufficiently address unfavorable variances.

View of Responsible Officials: Management agrees with the finding. See Management's Corrective Action Plan for further information.

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

Finding 2025-005 Failure to Adopt Fiscal Year End 2026 General Fund Budget Before End of Fiscal Year 2025

Condition: The City did not adopt the General Fund budget for the fiscal year ending 2026 prior to the end of the fiscal year ending 2025.

Criteria: Louisiana Revised Statute (R.S.) 39:1309 requires the City to adopt and implement a completed budget for the upcoming fiscal year prior to the end of the current fiscal year.

Effect: Failure to adopt the General Fund budget within the required timeframe resulted in noncompliance with R.S. 39:1309.

Cause: The City did not complete and approve the General Fund budget adoption process prior to the end of the fiscal year ending 2025.

Recommendation: We recommend the City establish and adhere to a budget preparation and approval timeline to ensure all required budgets are adopted prior to the end of each fiscal year, in accordance with R.S. 39:1309.

View of Responsible Officials: Management agrees with the finding. See Management's Corrective Action Plan for further information.

**CITY OF GONZALES, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED MAY 31, 2025**

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

**COMPLIANCE FINDINGS**

**Finding 2024-001 Louisiana Budget Law**

Condition: The City's General Fund had an unfavorable variance of 16.02% of total actual expenditures to total budgeted expenditures. Tanger Mall Economic Development District had unfavorable variance of 276.93% of total actual expenditures to total budgeted expenditures. PACE Center Economic Development District had unfavorable variance of 195.67% of total actual expenditures to total budgeted expenditures. Conway Economic Development District had unfavorable variance of 16.33% of total actual expenditures to total budgeted expenditures and an unfavorable variance of 5.71% of total budgeted revenues to total actual revenues. In addition, each major fund noted above did not properly report estimated beginning and ending fund balance for the year.

This finding has not been resolved as of May 31, 2025.

**CITY OF GONZALES, LOUISIANA**  
**CORRECTIVE ACTION PLAN – FINDINGS**  
**FOR THE YEAR ENDED MAY 31, 2025**

February 23, 2026

Louisiana Legislative Auditor

City of Gonzales, Louisiana respectfully submits the following corrective action plan for the year ended May 31, 2025.

Name and address of independent public accounting firm:

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

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

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

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**Material Weakness**

**Finding 2025-001 Public Works Procurements – Noncompliance with Louisiana Public Bid Law and Inadequate Procurement Documentation**

**Recommendation:** We recommend the City establish and implement procedures and internal controls to ensure compliance with R.S. 38:2212 for public works procurements, including:

- Maintaining complete procurement files for each project (advertisements, bid packages, bids received, bid tabulations, award/contract approvals, and related correspondence);
- Implementing procedures to identify and prevent invoice/contract structuring that results in bypassing the public bid threshold (including review of total project cost by project/scope/vendor);
- Establishing and documenting responsibility/qualification criteria for public works contractors and retaining evidence of the evaluation prior to award; and
- Assigning responsibility for documenting and retaining procurement records and performing supervisory review.

**Views of Responsible Officials:** The City will strengthen internal controls over procurement to ensure compliance with Louisiana Public Bid Law (R.S. 38:2212). Procedures will be implemented to evaluate total project costs, including estimated aggregate cost by project, scope, and. Complete procurement files will be maintained, including advertisements, bids, bid tabulations, contract awards, and documentation supporting contractor responsibility and qualification evaluations. Supervisory review will be required prior to contract award.

**CITY OF GONZALES, LOUISIANA**  
**CORRECTIVE ACTION PLAN – FINDINGS (CONTINUED)**  
**FOR THE YEAR ENDED MAY 31, 2025**

**Finding 2025-002 Credit Card Purchases**

**Recommendation:** We recommend the City strengthen controls over credit card purchases by:

- Independent review/approval: Require monthly credit card statements and supporting documentation to be reviewed and approved (with documented evidence) by a supervisor or other individual independent of the cardholder.
- Complete statement retention: Establish procedures to ensure all monthly credit card statements are obtained directly from the issuer (or electronically accessed), retained, and reconciled timely.
- Receipt enforcement: Enforce the receipt submission policy by requiring receipts for all purchases, investigating missing receipts, and applying corrective actions as necessary.
- Standardization and monitoring: Implement a standardized credit card packet/checklist (statement, receipts, business purpose, allocation coding, approvals) and periodic monitoring to confirm compliance.

**Views of Responsible Officials:** The City will strengthen controls over credit card purchases by requiring review and written approval of monthly statements by someone other than the authorized card holder, maintaining complete retention of statements and supporting documentation, and enforcement of receipt submission policies.

**Finding 2025-003 Gas Service Rates Billed Not in Accordance with Adopted Ordinance**

**Recommendation:** The City should amend its gas rate ordinance, as appropriate, to reflect the rate methodology currently being applied and implement a periodic review to ensure billed rates remain consistent with the ordinance.

**Views of Responsible Officials:** The City will review gas rate billing practices to ensure consistency with the adopted ordinance. Management will amend the ordinance, as appropriate, to reflect the rate methodology being applied or revise billing practices to conform to the current or amended ordinance. Periodic reviews will be implemented to ensure continued compliance.

**Compliance**

**Finding 2025-004 Failure to Comply with Local Government Budget Act Regarding Requirement to Amend the Budget If Greater Than 5% Unfavorable Variance in Total Revenues or Expenditures**

**Recommendation:** The City should put procedures in place to review and make amendments as necessary to sufficiently address unfavorable variances.

**CITY OF GONZALES, LOUISIANA**  
**CORRECTIVE ACTION PLAN – FINDINGS (CONTINUED)**  
**FOR THE YEAR ENDED MAY 31, 2025**

**Views of Responsible Officials:** The City will enhance budget monitoring procedures through regular budget-to-actual reviews and timely budget amendments when unfavorable variances approach statutory thresholds.


**Finding 2025-005 Failure to Adopt Fiscal Year End 2026 General Fund Budget Before End of Fiscal Year 2025**

**Recommendation:** We recommend the City establish and adhere to a budget preparation and approval timeline to ensure all required budgets are adopted prior to the end of each fiscal year, in accordance with R.S. 39:1309.

**Views of Responsible Officials:** The City will establish and adhere to a formal budget preparation and approval timeline to ensure all required budgets are adopted prior to the end of each fiscal year.

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

Sincerely,

  
Signature

Mayor, City of Gonzales  
Title

**CITY OF GONZALES, LOUISIANA**  
**AGREED-UPON PROCEDURES**  
**FOR THE YEAR ENDED**  
**MAY 31, 2025**



**ERICKSEN KRENTEL** LLP  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the City of Gonzales 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 year ended May 31, 2025. City of Gonzales, Louisiana's (the "City") management is responsible for those C/C areas identified in the SAUPs.

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

Our procedures and associated findings are detailed in Schedule "1".

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.

February 23, 2026  
Baton Rouge, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**CITY OF GONZALES**  
**AGREED-UPON PROCEDURES**  
**FOR THE YEAR ENDED MAY 31, 2025**

**1) TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)**

**A. Procedures:** 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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy.
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions were found as a result of applying the procedure.