

**City of Mansfield
Mansfield, Louisiana**

**Annual Financial Report
As of and for the Year Ended December 31, 2025**

City of Mansfield

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	5 - 7
REQUIRED SUPPLEMENTARY INFORMATION	9
Management's Discussion and Analysis (MD&A)	10 - 19
BASIC FINANCIAL STATEMENTS	
	<u>Statement</u>
Government-wide Financial Statements (GWFS)	21
Statement of Net Position	A 22
Statement of Activities	B 23
Fund Financial Statements (FFS)	25
Governmental Funds:	
Balance Sheet	C 26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D 27
Statement of Revenues, Expenditures, and Changes in Fund Balances	E 28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	F 29
Proprietary Fund Type - Enterprise Funds:	
Statement of Net Position	G 30
Statement of Revenues, Expenses, and Changes in Fund Net Position	H 31
Statement of Cash Flows	I 32
Notes to the Financial Statements	
Index	33
Notes	34 - 58
REQUIRED SUPPLEMENTARY INFORMATION	59
	<u>Exhibit</u>
Schedule of the Employer's Proportionate Share of the Net Pension Liability	1-1 60
Schedule of Employer Contributions to Pension Plan	1-2 61
Notes to Required Supplementary Information for Pensions	62 - 63
Budgetary Comparison Schedule of the General Fund	2 64
Notes to the Budgetary Comparison Schedule	65 - 66

(Continued)

City of Mansfield

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
SUPPLEMENTARY INFORMATION		67
Schedule of Compensation Paid to Alderpersons	3	68
Schedule of Compensation, Benefits and Other Payments to Agency Head	4	69
Justice System Funding Schedule – Collecting/Disbursing Entity	5	70
OTHER REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>		71
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		73 -73
Schedule of Findings and Responses		74 - 77
OTHER INFORMATION		79
Status of Prior Year Audit Findings and Reponses		80-82
Corrective Action Plan for Current Year Audit Findings and Responses		83-85
AGREED-UPON PROCEDURES		87
Independent Accountant’s Report on Applying Statewide Agreed-Upon Procedures		88 - 98
		(Concluded)



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the City Council
City of Mansfield
Mansfield, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mansfield, Louisiana, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Employer's Proportionate Share of the Net Pension Liability, Schedule of Employer Contributions to Pension Plan, notes to the required supplementary information for pensions, and the budgetary comparison schedules as listed in the table of contents, 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 GAAS, 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 Mansfield's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
June 30, 2026

City of Mansfield

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REQUIRED SUPPLEMENTARY INFORMATION:

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

City of Mansfield
Management's Discussion and Analysis (MD&A)
December 31, 2025

Our discussion and analysis of the City of Mansfield, Louisiana's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the City's financial statements.

The Management's Discussion and Analysis (MD&A) is designed to: 1) Assist the reader in focusing on significant financial issues; 2) Identify changes in the City's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated because of this year's operations; 3) Identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and 4) Identify individual fund issues or concerns.

As management of the City, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City as of and for the year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

NEW GASB STANDARDS

In the current fiscal year, the City implemented GASB 102, *Certain Risk Disclosures*. The adoption of this statement did not have a material affect on the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$2 million.
- During the year, the expenses of the City's governmental expenses exceeded revenue by \$18 thousand. Last year, expenses exceeded revenues by \$363 thousand.
- The City's total revenue was \$515 thousand more than the prior year. A \$259 thousand increase occurred in the governmental activities and a \$257 thousand increase in business-type activities.
- The total cost of all of the City's governmental activities programs was approximately \$5 million.
- During the year, the revenues of the City's business-type activities were more than expenses by \$279 thousand.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities 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 for governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

City of Mansfield
Management's Discussion and Analysis (MD&A)
December 31, 2025

Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" 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 that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting 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.

These two statements report the City's net position and changes in them. You can think of the City's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the City's financial health, or financial position.

Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, 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 the police, fire, public works, sanitation and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems are reported here.

City of Mansfield
Management's Discussion and Analysis (MD&A)
December 31, 2025

Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like sales taxes restricted for specific use). The City's two kinds of funds –*governmental* and *proprietary* use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the City's fund balances by law, creditors, City council, and the City's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you 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 following the fund financial statements.
- *Proprietary funds* – 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 funds (a component of proprietary funds) are 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.

City of Mansfield
Management's Discussion and Analysis (MD&A)
December 31, 2025

THE CITY AS A WHOLE

The City's combined net position increased by \$241 thousand. In contrast, last year's net position decreased by \$764 thousand. Looking at net position and net expenses of governmental and business-type activities separately, however, provides more detail. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

(Table 1)
Net Position
December 31,

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 1,582,654	\$ 1,754,956	\$ 1,753,859	\$ 3,598,168	\$ 3,336,513	\$ 5,353,124
Restricted assets	-	-	1,204,440	1,217,997	1,204,440	1,217,997
Capital assets	3,629,012	3,873,390	13,581,756	11,869,065	17,210,768	15,742,455
Total assets	5,211,666	5,628,346	16,540,055	16,685,230	21,751,721	22,313,576
Total deferred outflows of resources	465,776	675,872	139,817	214,946	605,593	890,818
Liabilities						
Current and other liabilities	141,554	151,796	381,999	499,555	523,553	651,351
Long-term liabilities	3,112,042	3,840,289	7,747,301	8,127,165	10,859,343	11,967,454
Total liabilities	3,253,596	3,992,085	8,129,300	8,626,720	11,382,896	12,618,805
Total deferred inflows of resources	447,458	317,894	69,715	38,053	517,173	355,947
Net Position						
Net investment in capital assets	3,250,774	3,406,367	6,657,912	6,882,699	9,908,686	10,289,066
Restricted	-	-	2,273,491	1,677,281	2,273,491	1,677,281
Unrestricted	(1,274,186)	(1,412,128)	(450,546)	(324,577)	(1,724,732)	(1,736,705)
Total net position	\$ 1,976,588	\$ 1,994,239	\$ 8,480,857	\$ 8,235,403	\$ 10,457,445	\$ 10,229,642

One portion of the City of Mansfield's net position totaling approximately \$9.9 million reflects its investment in capital assets (e.g. land, buildings, streets, drainage, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Mansfield uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Mansfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities – Net Position

Unrestricted net position of governmental activities increased \$138 thousand.

Business-type Activities – Net Position

Unrestricted net position of business type activities decreased \$126 thousand.

Our analysis that follows separately considers the operations of governmental and business-type activities.

**City of Mansfield
Management's Discussion and Analysis (MD&A)
December 31, 2025**

Governmental activities

The total revenues for governmental activities increased by \$259 thousand when compared to prior year revenues.

Overall governmental expenses were \$85 thousand less than last year's expenses, because the City experienced lower expenditures for capital outlay, repairs, and other operating activities compared to the prior year.

Business-type activities

In the current year, expenses for business-type activities exceeded expenses by approximately \$15 thousand. The difference is largely contributed to increased operating and maintenance costs

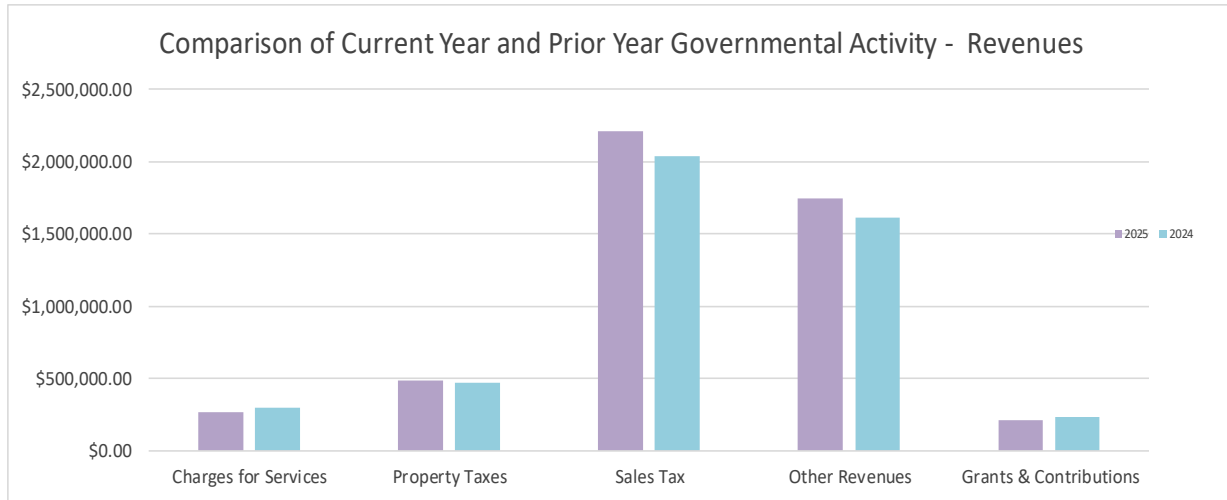
City of Mansfield
Management's Discussion and Analysis (MD&A)
December 31, 2025

(Table 2)
Changes in Net Position
For the Years Ended December 31,

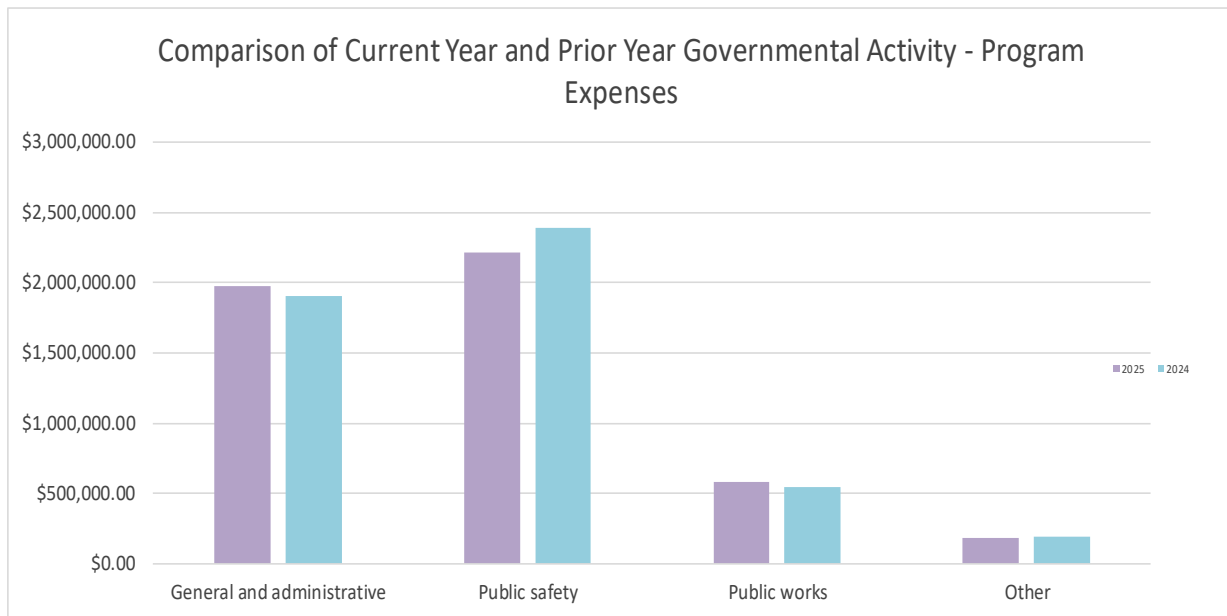
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues						
Charges for services	\$ 267,615	\$ 299,797	\$ 2,045,999	\$ 1,876,443	\$ 2,313,614	\$ 2,176,240
Operating grants and contributions	209,674	230,585	35,000	-	244,674	230,585
Capital grants and contributions	-	-	294,865	395,542	294,865	395,542
General revenues						
Ad valorem taxes	482,653	472,373	-	-	482,653	472,373
Sales tax	2,210,889	2,040,023	1,095,501	985,871	3,306,390	3,025,894
Franchise taxes	238,896	260,640	-	-	238,896	260,640
Other taxes, penalties and interest	222,186	176,656	-	-	222,186	176,656
Licenses and permits	782,254	841,082	-	-	782,254	841,082
Earnings on investments	17,041	21,614	112,149	63,839	129,190	85,453
Miscellaneous	481,339	311,197	12,445	17,654	493,784	328,851
Total Revenues	4,912,547	4,653,967	3,595,959	3,339,349	8,508,506	7,993,316
Functions/Program Expenses:						
Governmental activities						
General and administrative	1,975,047	1,905,424	-	-	1,975,047	1,905,424
Public safety	2,211,867	2,388,717	-	-	2,211,867	2,388,717
Sanitation and health	153,131	175,391	-	-	153,131	175,391
Parks and recreation	1,009	385	-	-	1,009	385
Public works	576,548	548,155	-	-	576,548	548,155
Interest expense	32,474	16,737	-	-	32,474	16,737
Business-type activities						
Water enterprise	-	-	2,451,871	2,812,899	2,451,871	2,812,899
Sewer enterprise	-	-	878,756	909,211	878,756	909,211
Total Functions/Program Expenses	4,950,076	5,034,809	3,330,627	3,722,110	8,280,703	8,756,919
Increase (decrease) in net position before transfers	(37,529)	(380,842)	265,332	(382,761)	227,803	(763,603)
Transfers	19,878	17,936	(19,878)	(17,936)	-	-
Increase (decrease) in net position	(17,651)	(362,906)	245,454	(400,697)	227,803	(763,603)
Net position - beginning, originally stated	1,994,239	1,429,013	8,235,403	9,706,740	10,229,642	11,135,753
Change in reporting entity (governmental to enterprise)	-	1,070,640	-	(1,070,640)	-	-
Change in accounting principle (GASB 101)	-	(142,508)	-	-	-	(142,508)
Net position - beginning, as restated	1,994,239	2,357,145	8,235,403	8,636,100	10,229,642	10,993,245
Net position - ending	\$ 1,976,588	\$ 1,994,239	\$ 8,480,857	\$ 8,235,403	\$ 10,457,445	\$ 10,229,642

City of Mansfield
Management's Discussion and Analysis (MD&A)
December 31, 2025

The chart below compares governmental revenues of the current year to the prior year.



The City's largest program expenses during the current year were general and administrative and public safety which are 40% and 45% of the total governmental-type program expense in the current year, respectively. The chart below compares program expenses of the current year to the prior year.



City of Mansfield
Management's Discussion and Analysis (MD&A)
December 31, 2025

THE CITY'S FUNDS

Governmental funds - The focus of the City of Mansfield's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City of Mansfield's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds reported a combined fund balance of \$1.4 million, decreasing by \$162 thousand. This decrease in fund balance is due to increased operational and maintenance expenditures.

General Fund - Revenues increased \$259 thousand compared to the prior year. This was mainly due to increases in sales tax and grant rewards.

Expenditures decreased \$372 thousand which is mainly due to less maintenance expenditures.

Proprietary funds - The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer Utility fund reported a decrease in net position of \$367 thousand for the year with an ending net position of \$2,095 thousand. This was due mainly to increased contractor expense, maintenance costs, and purchases.

The Water Utility fund reported an increase net position of \$625 thousand for the year with an ending net position of \$6,399 thousand.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was adopted in December, 2024. There was one budget amendment at the end of the fiscal year.

Actual amounts available for appropriation exceeded budgeted amounts by \$66 thousand which is mainly due increase in sales tax.

Actual charges to appropriations were more than budgeted charges to appropriations by \$211 thousand. This was due primarily to increased personnel costs, including overtime and employee benefits and unanticipated equipment repairs.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of December 31, 2025, the City had \$17.2 million in capital assets including police equipment, buildings, and sewer equipment. This amount represents an increase of approximately \$1.5 million in capital assets.

City of Mansfield
Management's Discussion and Analysis (MD&A)
December 31, 2025

City of Mansfield's Capital Assets Net of Depreciation/Amortization
December 31,

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 201,820	\$ 201,820	\$ 70,361	\$ 70,361	\$ 272,181	\$ 272,181
Construction in Progress	-	150,810	3,090,592	721,585	3,090,592	872,395
Buildings & Improvements	566,139	361,169	-	-	566,139	361,169
Other Improvements	2,103,847	2,108,261	-	-	2,103,847	2,108,261
Equipment	44,792	76,986	-	-	44,792	76,986
Office Furniture	3,662	4,617	-	-	3,662	4,617
Vehicles	297,253	419,315	-	-	297,253	419,315
Right of Use Assets	411,499.00	550,412	56,104	80,178	467,603	630,590
Water Treatment Plant	-	-	1,254,529	1,370,908	1,254,529	1,370,908
Machinery & Equipment	-	-	88,137	99,362	88,137	99,362
Pumping Station	-	-	322,848	335,988	322,848	335,988
Transmission Line	-	-	1,272,587	1,325,675	1,272,587	1,325,675
Water System	-	-	4,882,386	5,077,470	4,882,386	5,077,470
Sewer System	-	-	982,732	1,106,095	982,732	1,106,095
Sewer Treatment Plant	-	-	1,561,480	1,681,443	1,561,480	1,681,443
Total capital assets	<u>\$ 3,629,012</u>	<u>\$ 3,873,390</u>	<u>\$ 13,581,756</u>	<u>\$ 11,869,065</u>	<u>\$ 17,210,768</u>	<u>\$ 15,742,455</u>

Current year additions included Fire Station #2 upgrades.

Debt

At December 31, 2025 long term debt for the City included the following:

Governmental Activities:

	2025	2024
Leases	\$ 378,238	\$ 467,023
Compensated absences	125,106	161,129
	<u>\$ 503,344</u>	<u>\$ 628,152</u>

Business-Type Activities:

	2025	2024
Private placement sales tax bonds	\$ 2,245,000	\$ 2,600,000
Sales tax bonds	2,710,000	2,710,000
Premium on sales tax bonds	40,442	43,552
Leases	59,291	82,594
URAF agreements	1,425,142	1,428,142
Drinking water revolving fund loan	443,969	255,563
	<u>\$ 6,923,844</u>	<u>\$ 7,119,851</u>

**City of Mansfield
Management's Discussion and Analysis (MD&A)
December 31, 2025**

More detailed information about the City's long-term liabilities is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Budget figures for the new fiscal year are based on efforts to stimulate the economy through the increase of economic development activities. In reference to sales tax collections, a conservative budget proposal was applied. The City will maintain the high service levels for fiscal year 2026 without any major rate and service fee increases in the near future. Personnel expenditures continue to rise.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Clerk's office at 706 Polk St, Mansfield, Louisiana.

City of Mansfield

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City of Mansfield

BASIC FINANCIAL STATEMENTS:

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

CITY OF MANSFIELD

STATEMENT OF NET POSITION
December 31, 2025

Statement A

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT
ASSETS			
Cash and cash equivalents	\$ 350,464	\$ 1,750,182	\$ 2,100,646
Restricted assets:			
Cash and cash equivalents	-	1,204,440	1,204,440
Receivables, net	489,038	585,480	1,074,518
Internal balances	652,262	(652,262)	-
Prepaid items	90,890	70,459	161,349
Capital assets:			
Land and construction in progress	201,820	3,160,953	3,362,773
Depreciable assets, net of depreciation/ amortization	3,427,192	10,420,803	13,847,995
TOTAL ASSETS	5,211,666	16,540,055	21,751,721
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	465,776	139,817	605,593
TOTAL DEFERRED OUTFLOWS OF RESOURCES	465,776	139,817	605,593
LIABILITIES			
Accounts and other payables	7,993	104,117	112,110
Accrued liabilities	65,061	-	65,061
Cash Bond Payables	68,300	-	68,300
Interest payable	-	53,580	53,580
Deposits payable from restricted assets	-	224,302	224,302
Noncurrent liabilities:			
Due within one year:			
Bonds, notes, leases, compensated absences	219,072	522,448	741,520
Due in more than one year			
Bonds, notes, leases, compensated absences	284,272	6,401,396	6,685,668
Net pension liability	2,608,698	823,457	3,432,155
TOTAL LIABILITIES	3,253,396	8,129,300	11,382,696
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	447,458	69,715	517,173
TOTAL DEFERRED INFLOWS OF RESOURCES	447,458	69,715	517,173
NET POSITION			
Net investment in capital assets	3,250,774	6,657,912	9,908,686
Restricted for:			
Water utilities	-	2,273,491	2,273,491
Unrestricted	(1,274,186)	(450,546)	(1,724,732)
TOTAL NET POSITION	\$ 1,976,588	\$ 8,480,857	\$ 10,457,445

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF MANSFIELD

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

Statement B

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				PRIMARY GOVERNMENT		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		TOTAL
					Governmental Activities	Business-Type Activities	
<i>Governmental activities:</i>							
General and administrative	\$ 1,975,047	\$ 17,854	\$ -	\$ -	\$ (1,957,193)	\$ -	\$ (1,957,193)
Police department	1,428,871	8,255	161,932	-	(1,258,684)	-	(1,258,684)
Fire department	782,996	46,900	39,482	-	(696,614)	-	(696,614)
Sanitation and health	153,131	-	-	-	(153,131)	-	(153,131)
Parks and recreation	1,009	-	-	-	(1,009)	-	(1,009)
Public works	576,548	194,606	8,260	-	(373,682)	-	(373,682)
Interest expense	32,474	-	-	-	(32,474)	-	(32,474)
Total Governmental Activities	4,950,076	267,615	209,674	-	(4,472,787)	-	(4,472,787)
<i>Business-type activities:</i>							
Sewer activities	878,756	465,421	35,000	-	-	(378,335)	(378,335)
Water activities	2,451,871	1,580,578	-	294,865	-	(576,428)	(576,428)
Total Business-Type Activities	3,330,627	2,045,999	35,000	294,865	-	(954,763)	(954,763)
Total Primary Government	\$ 8,280,703	\$ 2,313,614	\$ 244,674	\$ 294,865	(4,472,787)	(954,763)	(5,427,550)
General Revenues and transfers:							
General revenues:							
Property taxes levied for general purposes					482,653	-	482,653
Sales and use tax revenue					2,210,889	1,095,501	3,306,390
Franchise taxes					238,896	-	238,896
Other taxes, penalties and interest					222,186	-	222,186
Licenses and permits					782,254	-	782,254
Earnings on investments					17,041	112,149	129,190
Miscellaneous					481,339	12,445	493,784
Transfers					19,878	(19,878)	-
Total general revenues and transfers					4,455,136	1,200,217	5,655,353
Changes in net position					(17,651)	245,454	227,803
Net position - beginning					1,994,239	8,235,403	10,229,642
Net position - ending					\$ 1,976,588	\$ 8,480,857	\$ 10,457,445

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

City of Mansfield

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City of Mansfield

BASIC FINANCIAL STATEMENTS:

FUND FINANCIAL STATEMENTS (FFS)

CITY OF MANSFIELD

GOVERNMENTAL FUNDS

Balance Sheet

December 31, 2025

Statement C

	MAJOR FUNDS		NONMAJOR FUND	
	GENERAL FUND	CAPITAL PROJECT FUND	POLICE WITNESS FUND	TOTAL
ASSETS:				
Cash and cash equivalents	\$ 312,138	\$ 75	\$ 38,251	\$ 350,464
Receivables, net	489,038	-	-	489,038
Interfund receivables	652,462	-	-	652,462
Prepaid items	90,890	-	-	90,890
TOTAL ASSETS	<u>1,544,528</u>	<u>75</u>	<u>38,251</u>	<u>1,582,854</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts and other payables	7,993	-	-	7,993
Accrued liabilities	65,061	-	-	65,061
Cash bond payable	68,300	-	-	68,300
Interfund payables	-	200	-	200
TOTAL LIABILITIES	<u>141,354</u>	<u>200</u>	<u>-</u>	<u>141,554</u>
FUND BALANCES:				
Nonspendable	90,890	-	-	90,890
Assigned for police witness fees	-	-	38,251	38,251
Unassigned	1,312,284	(125)	-	1,312,159
TOTAL FUND BALANCES	<u>1,403,174</u>	<u>(125)</u>	<u>38,251</u>	<u>1,441,300</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,544,528</u>	<u>\$ 75</u>	<u>\$ 38,251</u>	<u>\$ 1,582,854</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTERRAL PART OF THIS STATEMENT.

CITY OF MANSFIELD

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2025**

Statement D

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - Governmental Funds	\$	1,441,300
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The cost of capital assets (land, buildings, furniture, equipment, and infrastructure) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the City as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation or amortization expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation and amortization expenses do not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	\$	9,212,425	
Accumulated depreciation/amortization		<u>(5,583,413)</u>	
			3,629,012

Deferred outflows of resources are not available to pay current period expenditures and deferred inflows of resources are not due and payable in the current period, therefore, neither are reported in the governmental funds.

Deferred outflows related to pensions		465,776	
Deferred inflows related to pensions		<u>(447,458)</u>	
			18,318

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Balances at December 31, 2025 are:

Leases payable		(378,238)	
Compensated absences payable		(125,106)	
Net pension liability		<u>(2,608,698)</u>	
			<u>(3,112,042)</u>

Net position - governmental activities	\$	<u><u>1,976,588</u></u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF MANSFIELD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2025**

Statement E

	MAJOR FUNDS		NONMAJOR FUND	
	GENERAL FUND	CAPITAL PROJECTS FUND	POLICE WITNESS FUND	TOTAL
REVENUES				
Taxes:				
Ad valorem	\$ 482,653	\$ -	\$ -	\$ 482,653
Sales and use	2,210,889	-	-	2,210,889
Other taxes, penalties, and interest	461,082	-	-	461,082
Licenses and permits	782,254	-	-	782,254
Intergovernmental revenues	209,674	-	-	209,674
Fees, charges and commissions for services	264,348	-	3,267	267,615
Fines and forfeitures	22,223	-	-	22,223
Oil & gas royalties	281,530	-	-	281,530
Miscellaneous revenues	194,089	-	538	194,627
TOTAL REVENUES	4,908,742	-	3,805	4,912,547
EXPENDITURES				
Current:				
General and administrative	1,852,805	-	-	1,852,805
Police department	1,576,820	-	2,777	1,579,597
Fire department	705,648	-	-	705,648
Sanitation and health	153,429	-	-	153,429
Parks and recreation	930	-	-	930
Public works	559,664	-	-	559,664
Capital outlay	120,953	-	-	120,953
Debt service:				
Principal retirement	88,785	-	-	88,785
Interest and bank charges	32,474	-	-	32,474
TOTAL EXPENDITURES	5,091,508	-	2,777	5,094,285
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(182,766)	-	1,028	(181,738)
OTHER FINANCING SOURCES (USES)				
Transfers in	19,878	-	-	19,878
Net Change in Fund Balances	(162,888)	-	1,028	(161,860)
FUND BALANCES - BEGINNING	1,566,062	(125)	37,223	1,603,160
FUND BALANCES - ENDING	\$ 1,403,174	\$ (125)	\$ 38,251	\$ 1,441,300

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF MANSFIELD

GOVERNMENTAL FUNDS

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2025**

Statement F

Amounts reported for governmental activities in the Statement of Activities are different because:

Total net change in fund balances - governmental funds	\$	(161,860)
--	----	-----------

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation/amortization in the period:

Capital outlays	\$	164,915	
Depreciation/amortization expense		<u>(409,293)</u>	
			(244,378)

The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the governmental funds are the amounts actually paid.

263,779

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

88,785

In the Statement of Activities, certain operating expenses - compensated absences (vacation and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

36,023

Change in net position of governmental activities

\$ (17,651)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTERRAL PART OF THIS STATEMENT.

CITY OF MANSFIELD

PROPRIETARY FUND TYPE - ENTERPRISE FUND
Statements of Net Position
December 31, 2025

Statement G

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ -	\$ 1,750,182	\$ 1,750,182
Restricted assets:			
Cash and cash equivalents - debt service	-	980,066	980,066
Cash and cash equivalents - customer deposits	-	224,374	224,374
Receivables, net	143,186	442,294	585,480
Prepaid items	10,380	60,079	70,459
Total current assets	153,566	3,456,995	3,610,561
NONCURRENT ASSETS:			
Capital Assets:			
Land and construction in progress	-	3,160,953	3,160,953
Depreciable assets, net of depreciation/amortization	2,567,360	7,853,443	10,420,803
Total noncurrent assets	2,567,360	11,014,396	13,581,756
TOTAL ASSETS	2,720,926	14,471,391	17,192,317
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pensions	34,593	105,224	139,817
Total deferred outflows of resources	34,593	105,224	139,817
LIABILITIES			
CURRENT LIABILITIES :			
Accounts payable	2,071	80,045	82,116
Accrued payroll	2,790	19,211	22,001
Accrued interest	-	53,580	53,580
Interfund payables	426,841	225,421	652,262
Customer deposits payable - restricted assets	-	224,302	224,302
Bond and note obligations	-	497,111	497,111
Lease obligations	9,054	16,283	25,337
Total current liabilities	440,756	1,115,953	1,556,709
NONCURRENT LIABILITIES:			
Bond and note obligations	-	6,367,442	6,367,442
Lease obligations	12,452	21,502	33,954
Net pension liability	192,348	631,109	823,457
Total noncurrent liabilities	204,800	7,020,053	7,224,853
TOTAL LIABILITIES	645,556	8,136,006	8,781,562
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to pensions	14,655	55,060	69,715
Total deferred inflows of resources	14,655	55,060	69,715
NET POSITION			
Net investment in capital assets	2,545,854	4,112,058	6,657,912
Restricted for:			
Water Utilities	-	2,273,491	2,273,491
Unrestricted	(450,546)	-	(450,546)
TOTAL NET POSITION	\$ 2,095,308	\$ 6,385,549	\$ 8,480,857

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF MANSFIELD

PROPRIETARY FUND TYPE - ENTERPRISE FUND

**Statement of Revenues, Expenses,
and Changes in Fund Net Position
For the Year Ended December 31, 2025**

Statement H

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL
OPERATING REVENUES			
Charges for services:			
Sewerage	\$ 465,421	\$ -	\$ 465,421
Water	-	1,514,726	1,514,726
Penalties/service charges	-	65,852	65,852
Other operating revenue	-	12,445	12,445
Total operating revenues	<u>465,421</u>	<u>1,593,023</u>	<u>2,058,444</u>
OPERATING EXPENSES			
Personnel services	261,941	925,299	1,187,240
Billing office	40,227	41,315	81,542
System maintenance	63,574	162,799	226,373
Treatment facilities	234,055	567,545	801,600
General and administrative	24,102	201,214	225,316
Depreciation/amortization	<u>252,638</u>	<u>410,628</u>	<u>663,266</u>
Total operating expenses	<u>876,537</u>	<u>2,308,800</u>	<u>3,185,337</u>
OPERATING INCOME (LOSS)	<u>(411,116)</u>	<u>(715,777)</u>	<u>(1,126,893)</u>
NONOPERATING REVENUES/EXPENSES			
Interest income	984	111,165	112,149
Interest expense & other charges	(2,219)	(143,071)	(145,290)
Grant revenue	35,000	-	35,000
Sales tax revenue	<u>-</u>	<u>1,095,501</u>	<u>1,095,501</u>
Total nonoperating revenues (expenses)	<u>33,765</u>	<u>1,063,595</u>	<u>1,097,360</u>
Income (Loss) before transfers	<u>(377,351)</u>	<u>347,818</u>	<u>(29,533)</u>
TRANSFERS & CAPITAL CONTRIBUTIONS			
Transfers In	10,537	-	10,537
Transfers Out	-	(30,415)	(30,415)
Capital contributions	<u>-</u>	<u>294,865</u>	<u>294,865</u>
Total capital contributions and transfers	<u>10,537</u>	<u>264,450</u>	<u>274,987</u>
CHANGE IN NET POSITION	<u>(366,814)</u>	<u>612,268</u>	<u>245,454</u>
NET POSITION - BEGINNING	<u>2,462,122</u>	<u>5,773,281</u>	<u>8,235,403</u>
NET POSITION - ENDING	<u>\$ 2,095,308</u>	<u>\$ 6,385,549</u>	<u>\$ 8,480,857</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF MANSFIELD

PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Cash Flows

For the Year Ended December 31, 2025

Statement I

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	SEWER	WATER	TOTAL
CASH FLOW (USES) FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 379,237	\$ 1,520,743	\$ 1,899,980
Receipts from other operating activities	-	12,445	12,445
Payments to employees	(278,776)	(983,074)	(1,261,850)
Payments to others	(360,988)	(1,102,613)	(1,463,601)
Net cash provided by (used for) operating activities	(260,527)	(552,499)	(813,026)
CASH FLOW (USES) FROM INVESTING ACTIVITIES			
Earnings on investments	984	111,165	112,149
Net cash provided by (used for) investing activities	984	111,165	112,149
CASH FLOW (USES) FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants	35,000	-	35,000
Transfers in	148,366	(99,883)	48,483
Net cash provided by (used for) noncapital financing activities	183,366	(99,883)	83,483
CASH FLOW (USES) FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grant	-	294,865	294,865
Sales taxes	-	1,315,450	1,315,450
Acquisition of capital assets	(3,475)	(2,372,482)	(2,375,957)
Loan proceeds	-	270,407	270,407
Principal payment bonds & loans payable	-	(443,111)	(443,111)
Principal payment on leases	(8,318)	(14,985)	(23,303)
Interest & penalties paid on debt	(2,219)	(139,177)	(141,396)
Net cash provided by (used for) capital and related financing activities	(14,012)	(1,089,033)	(1,103,045)
Net increase (decrease) in cash and cash equivalents	(90,189)	(1,630,250)	(1,720,439)
CASH AND CASH EQUIVALENTS - BEGINNING	90,189	4,584,872	4,675,061
CASH AND CASH EQUIVALENTS - ENDING	-	2,954,622	2,954,622
RECONCILIATION TO BALANCE SHEET			
Cash	-	1,750,182	1,750,182
Restricted assets - cash	-	1,204,440	1,204,440
	-	2,954,622	2,954,622
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	(411,116)	(715,777)	(1,126,893)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation/amortization	252,638	410,628	663,266
(Increase) decrease in operating accounts receivable	(86,184)	(64,699)	(150,883)
(Increase) decrease in deferred outflows	15,174	59,955	75,129
Increase (decrease) in operating accounts and other payables	(253)	(126,061)	(126,314)
Increase (decrease) in liabilities payable from restricted assets	-	4,864	4,864
Increase (decrease) in deferred inflows	6,460	25,202	31,662
Increase (decrease) in net pension liability	(37,246)	(146,611)	(183,857)
Net cash provided by (used for) operating activities	\$ (260,527)	\$ (552,499)	\$ (813,026)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

INDEX	Page
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	34
A. REPORTING ENTITY	34
B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS	34
C. DEPOSITS AND INVESTMENTS	37
D. RECEIVABLES	37
E. PREPAIDS	37
F. ELIMINATION AND RECLASSIFICATION	37
G. CAPITAL ASSETS	37
H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES	38
I. INTERFUND ACTIVITY	38
J. COMPENSATED ABSENCES	38
K. LONG-TERM OBLIGATIONS	39
L. RESTRICTED NET POSITION.....	39
M. FUND EQUITY OF FUND FINANCIAL STATEMENTS	40
N. ESTIMATES.....	40
O. PENSION PLANS	40
NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	41
NOTE 3 – DEPOSITS AND INVESTMENTS	41
NOTE 4 – AD VALOREM TAXES	42
NOTE 5 – SALES TAXES	42
NOTE 6 – RECEIVABLES	42
NOTE 7 – INTERFUND TRANSACTIONS/BALANCES	43
NOTE 8 – CAPITAL ASSETS.....	44
NOTE 9 – ACCOUNTS AND OTHER PAYABLES	46
NOTE 10 – PENSION PLAN	46
NOTE 11 – LONG TERM DEBT.....	54
NOTE 12 – ON BEHALF SUPPLEMENTAL PLAN	57
NOTE 13 – LITIGATIONS AND CONTINGENCIES.....	58
NOTE 14 – RISK MANAGEMENT	58
NOTE 15 – NEW GASB STANDARD.....	58

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mansfield, Louisiana (the City) was founded in 1843 and incorporated in 1845 by Act No. 128 by the Louisiana Legislature. The City is located in Desoto Parish. Elected officials of the City of Mansfield are a mayor and five (5) alderpersons who all serve four-year terms. The affairs of the City are conducted and managed by the mayor and city council. The City provides police and fire protection, sanitation, street maintenance, in addition to the administrative services provided to its residents. The City owns and operates two utility systems which provide water and sewer services.

The accompanying financial statements of the City of Mansfield have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The City is considered a separate governmental reporting entity because it has a separately elected governing body and is legally separate and fiscally independent. For financial reporting purposes, the City's financial statements include all funds for which the City is financially accountable.

B. Basis of Accounting and Measurement Focus

Government-wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. The Statement of Net Position and Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the City has an enforceable legal claim to the revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows.

General Revenues General revenues included in the Statement of Activities derive directly from local property and sales taxes, interest and investment earnings, unrestricted state and local grants, and other miscellaneous revenues. General revenues finance the remaining balance of a function not covered by program revenues.

Program Revenues Program revenues included in the Statement of Activities include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Allocation of indirect expenses The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is reported separately in the Statement of Activities.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

Fund Financial Statements (FFS)

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The emphasis in fund financial statements is on the major funds in both the governmental and business-type activities categories. Nonmajor funds by category are summarized into a single column.

The following fund types are used by the City:

1. Governmental funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available.”) “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when they mature.

With this measurement focus, only current assets, current liabilities and current deferred outflows/inflows of resources are generally included on the balance sheet. Operating statements of these funds present increases and decreases in current net position. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

- Ad valorem taxes (property) are recorded in the year they are assessed. Property taxes are assessed on a calendar-year basis and become due on December 31 of each year and become delinquent on January 1st. The taxes are normally collected in December, January, and February of the current year.
- Sales taxes are recognized when received by the City’s collections agent.
- Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end.)
- Fines, forfeitures, licenses, and permits are considered measurable and available when they are collected.
- Interest income on investments is recorded when earned and the income is available.
- Substantially all other revenue items are recorded when they are measurable and available to the City.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

Expenditures

- All expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses)

- Sales of capital assets, increases in capital lease purchases, and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

The City reports the following major governmental funds:

General fund – is the general operating fund of the City. It accounts for all activities except those required to be accounted for in other funds.

Capital project fund – accounts for financial resources used for the acquisition or construction of major capital facilities funded through the Louisiana Community Development Block Grant Program.

2. Proprietary funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Operating Revenues and Expenses Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are fees collected for water and sewer services provided to the citizens of the City. Non-operating revenues are revenues that are not derived from water or sewer services such as sales tax and earnings on investments. Proprietary Fund Type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Operating expenses are costs of providing these services such as maintenance and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary fund:

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

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

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

C. Deposits and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statements of cash flows, cash and cash equivalents include demand deposits and are stated at cost.

D. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable. Business-type activities report utilities as their major receivable. An allowance for uncollectible receivables is maintained, however, if amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure/expense when consumed rather than when purchased.

F. Elimination and Reclassification

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds.” While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing capital assets.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Sewer system	20 years
Water system	20 – 40 years
Buildings & building improvements	40 – 50 years
Streets & sidewalks	40 years
Furniture & fixtures	5 – 7 years
Vehicles	5 – 15 years
Equipment	5 – 10 years

H. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Statement of Net Position reports the City's proportionate share of the deferred outflows of resources related to pensions. Refer to Note 10 for additional information.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Statement of Net Position reports the City's proportionate share of the deferred inflows of resources related to pensions.

I. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation to the Government-wide Financial Statements. Reimbursements occur between funds when one fund incurs a cost that benefits another fund, and the benefiting fund reimburses the fund incurring the cost for the benefit received. All other interfund transactions are treated as transfers. Transfers made between governmental and proprietary funds are eliminated as part of the reconciliation to the Government-wide Financial Statements.

J. Compensated Absences

Annual vacation is earned and accrued on a monthly basis throughout any given year of service. Monthly accrual rates and maximum service year allowances are as follows:

- Employees with 1 to 10 years of service earn 5/6 of a day per month, equating to a maximum of 10 paid working days annually.
- Employees with 10 to 20 years of service earn 1-1/4 days per month, with a maximum of 15 paid working days annually.
- Employees with 20 years of service or more earn 1-2/3 days per month, with a maximum of 20 paid working days annually.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

The City's policy on sick leave allows full-time employees to accrue 12 working days per year. Employees with 10 to 15 years of continuous service earn 20 days per year; 15 to 20 years earn 25 days; and those with over 20 years earn 30 days annually. New employees hired mid-year earn one day of sick leave per month from their hire date through December 31. Sick leave may be accumulated up to a maximum of 60 days. Unused sick leave is not reimbursed upon separation and therefore does not represent a financial liability.

In accordance with GASB Statement No. 16 and GASB Statement No. 101, the City recognizes a liability for compensated absences when (1) the absence is attributable to services already rendered, (2) the leave accumulates, and (3) it is more likely than not to be used for time off or otherwise paid. Accordingly, the City records a liability for vacation leave as it accumulates and becomes eligible for use. However, since sick leave is not payable upon termination and does not meet the "more likely than not to be paid" threshold, no liability is recognized for unused sick leave.

The liability for accrued vacation and applicable salary-related payments (such as the employer's share of Medicare and retirement contributions directly related to the vacation pay) is recorded in the government-wide financial statements. These costs are also reported in proprietary fund financial statements where applicable. Accumulated amounts are not paid upon termination unless specified by policy or employment agreement.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond and loan premiums and discounts, as well as issuance costs, are recognized in the period the bonds and loans are issued. Deferred gains on refunding are capitalized and amortized over the life of the refunding only in the governmental activities.

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

L. Restricted Net Position

For the government-wide Statement of Net Position, net position is reported as restricted if either of the following conditions exists:

- Restrictions are externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Restrictions are imposed by law through constitutional provision or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources when expenses are incurred for purpose for which both restricted and unrestricted net position are available.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

M. Fund Equity of Fund Financial Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used. In the fund financial statements, fund balances are classified as follows:

- a. Nonspendable fund balance - amounts that are not in a spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid expenses.
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- c. Committed fund balance - amounts constrained to specific purposes determined by the City itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint. The City Board of Alderpersons establishes (and modified or rescinds) fund balance commitments by passage of an ordinance or resolution.
- d. Assigned fund balance - amounts that the City intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Assigned fund balance is established by the Board of Alderpersons through adoption or amendment of the budget as intended for specific purpose.
- e. Unassigned fund balance - amounts that are available for any purpose, positive amounts are reported only in the General fund. The City has not adopted a policy to maintain the General fund's unassigned fund balance above a certain minimum level.

The City reduces committed amounts, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City considers restricted amounts to have been spent when an expenditure has been incurred for purposes for which both restricted and unrestricted fund balance are available.

N. Estimates

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

O. Pension Plans

The City is a participating employer in cost-sharing, multiple employer, defined benefit pension plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions for the plans fiduciary net position have been determined on the accrual basis, which is the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A Budget Information

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

- a) The Mayor and City Clerk prepare a proposed budget based on departmental group budget requests, and submits same to the Council no later than fifteen days prior to the beginning of each fiscal year.
- b) A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At that time a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- e) The Mayor must advise the Council when (i) total revenues and other sources plus projected revenues and other sources for the remainder of the year, within a fund, are failing to meet budgeted revenues and other sources by 5% or more; (ii) total expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more; and (iii) actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by 5% or more and fund balance is being used to fund current year expenditures. The Council is responsible for adopting amended budgets on a timely basis.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for the General and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Excess of expenditures over appropriations in individual funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund	\$ 4,879,965	\$ 5,091,508	\$ (211,543)

B. Deficit fund equity

At December 31, 2025, the Capital Project Fund, a major governmental fund, reported a deficit fund balance of \$125. This deficit is expected to be eliminated in future periods through planned revenue transfers or reimbursement from grant proceeds.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits are stated at cost, which approximates fair market value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2025, the City had unrestricted cash deposits (book balance) of \$2,100,646 and restricted cash deposits of \$1,204,440 totaling \$3,305,086.

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits, may not be returned to it. As of December 31, 2025, the City had a bank balance total of \$3,341,897, none of which is exposed to custodial credit risk due to adequate pledged securities. Even though the pledged securities are

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

considered uncollateralized under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand. The City's policy does not address custodial credit risk.

Interest Rate Risk: The City's policy does not address interest rate risk.

NOTE 4 - AD VALOREM TAXES

The City levies property taxes on real and business property located within the City's boundaries. Property taxes are levied by the City on property values assessed by the Desoto Parish Tax Assessor and approved by the state of Louisiana Tax Commission. The City bills and collects its own property taxes. The City recognizes property tax revenues when levied. Ad valorem taxes were levied December 31, 2025 with a due date and collection date of December 31, 2025 and a lien date of January 31, 2026.

The following is a summary of authorized and levied property taxes:

	<u>Maximum Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Alimony	8.35	8.35	Statutory
Operating	8.80	8.80	2033

NOTE 5 - SALES TAXES

The City was authorized in 2009 to levy a 1.5% sales-based tax for the purpose of providing funds for the waterworks system of the City (.5%) and general operations of the City (1%). The tax expires in 2038.

NOTE 6 - RECEIVABLES The following is a summary of receivables at December 31, 2025:

<u>Class of Receivables</u>	<u>General Fund</u>
<u>Governmental Activities:</u>	
General Funds:	
Taxes:	
Sales & use	\$ 216,147
Ad valorem taxes	160,770
Garbage collections	27,277
Less allowance for doubtful accounts	(8,999)
Other	93,843
Total	<u>\$ 489,038</u>

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

<u>Class of Receivables</u>	<u>Sewer & Water Fund</u>
<u>Business-Type Activities</u>	
Proprietary Funds:	
Taxes:	
Sales & use	\$ 161,595
Utility user fees	535,262
Less allowance for doubtful accounts	<u>(97,835)</u>
Total	<u><u>\$ 599,022</u></u>

NOTE 7 - INTERFUND TRANSACTIONS/BALANCES

Individual balances due from/to other funds at December 31, 2025, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	\$ 200
General	Water	225,421
General	Sewer	426,841
		<u><u>\$ 652,462</u></u>

The Capital Projects payable to the General fund is the amount due for a bill paid by the General fund. The Water and Sewer funds owe the General fund for expenses paid by the General fund prior to receipt of revenues in the Water and Sewer funds.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Water	\$ 19,878
Sewer	Water	10,537
		<u><u>\$ 30,415</u></u>

Transfer made from water fund to reimburse funds that initially paid lease payments made from General & Sewer funds.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

NOTE 8 - CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2025 are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 201,820	\$ -	\$ -	\$ 201,820
Construction in progress	150,810	86,292	237,102	-
Total capital assets, not being depreciated	<u>352,630</u>	<u>86,292</u>	<u>237,102</u>	<u>201,820</u>
Depreciable/amortizable assets:				
Buildings & improvements	1,101,705	237,102	-	1,338,807
Other improvements	3,931,010	78,623	-	4,009,633
Equipment	1,191,550	-	-	1,191,550
Office furniture	8,332	-	-	8,332
Vehicles	1,812,718	-	-	1,812,718
Right of use assets:				
Vehicles	582,065	-	-	582,065
Equipment	67,500	-	-	67,500
Total capital assets, being depreciated/amortized	<u>8,694,880</u>	<u>315,725</u>	<u>-</u>	<u>9,010,605</u>
Less: accumulated depreciation				
Buildings & improvements	(740,536)	(32,132)	-	(772,668)
Other improvements	(1,822,749)	(83,037)	-	(1,905,786)
Equipment	(1,114,564)	(32,194)	-	(1,146,758)
Office furniture	(3,715)	(955)	-	(4,670)
Vehicles	(1,393,403)	(122,062)	-	(1,515,465)
Less: accumulated amortization				
Vehicles	(76,653)	(116,413)	-	(193,066)
Equipment	(22,500)	(22,500)	-	(45,000)
Total accumulated depreciation/amortization	<u>(5,174,120)</u>	<u>(409,293)</u>	<u>-</u>	<u>(5,583,413)</u>
Depreciable/amortizable capital assets, net	<u>3,520,760</u>	<u>(93,568)</u>	<u>-</u>	<u>3,427,192</u>
Total capital assets, net	<u>\$ 3,873,390</u>	<u>\$ (7,276)</u>	<u>\$ 237,102</u>	<u>\$ 3,629,012</u>

Depreciation/amortization expense was charged to governmental activities as follows:

General and administrative	\$ 156,398
Public safety	192,901
Public works	47,242
Sanitation	12,673
Recreation	79
Total	<u>\$ 409,293</u>

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

	Balance Beginning	Additions	Deletions	Ending Balance
<u>Business-Type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 70,361	\$ -	\$ -	\$ 70,361
Construction in progress	721,585	2,369,007	-	3,090,592
Total capital assets, not being depreciated	<u>791,946</u>	<u>2,369,007</u>	<u>-</u>	<u>3,160,953</u>
Depreciable/amortizable assets:				
Buildings	3,095	-	-	3,095
Machinery & equipment	581,925	6,950	-	588,875
Vehicles	171,810	-	-	171,810
Pumping station	1,536,308	-	-	1,536,308
Transmission line	4,090,726	-	-	4,090,726
Water system	7,964,088	-	-	7,964,088
Water treatment plant	4,707,554	-	-	4,707,554
Sewer system	5,357,856	-	-	5,357,856
Sewer treatment plant	4,510,684	-	-	4,510,684
Right of use assets:				
Vehicles	120,366	-	-	120,366
Total capital assets, being depreciated/amortized	<u>29,044,412</u>	<u>6,950</u>	<u>-</u>	<u>29,051,362</u>
Less: accumulated depreciation				
Buildings	(3,095)	-	-	(3,095)
Machinery & equipment	(482,563)	(18,175)	-	(500,738)
Vehicles	(171,810)	-	-	(171,810)
Pumping station	(1,200,320)	(13,140)	-	(1,213,460)
Transmission line	(2,765,051)	(53,088)	-	(2,818,139)
Water system	(2,886,618)	(195,084)	-	(3,081,702)
Water treatment plant	(3,336,646)	(116,379)	-	(3,453,025)
Sewer system	(4,251,761)	(123,363)	-	(4,375,124)
Sewer treatment plant	(2,829,241)	(119,963)	-	(2,949,204)
Less: accumulated amortization				
Vehicles	(40,188)	(24,074)	-	(64,262)
Total accumulated depreciation/amortization	<u>(17,967,293)</u>	<u>(663,266)</u>	<u>-</u>	<u>(18,630,559)</u>
Depreciable/amortizable capital assets, net	<u>11,077,119</u>	<u>(656,316)</u>	<u>-</u>	<u>10,420,803</u>
Total capital assets, net	<u>\$ 11,869,065</u>	<u>\$ 1,712,691</u>	<u>\$ -</u>	<u>\$ 13,581,756</u>

Depreciation/amortization expense was charged to business-type activities as follows:

Water	\$ 410,629
Sewer	252,637
Total	<u>\$ 663,266</u>

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

NOTE 9 - ACCOUNTS PAYABLE

Payables at year-end are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type Activities</u>		
Class of Payables	<u>General</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Accounts Payable	\$ 7,993	\$ 2,071	\$ 80,045	\$ 90,109
Accrued Payroll	-	2,790	19,211	22,001
Net Total payable	<u>\$ 7,993</u>	<u>\$ 4,861</u>	<u>\$ 99,256</u>	<u>\$ 112,110</u>

NOTE 10- PENSION PLANS

The City is a participating employer in two statewide, public employee retirement systems, Municipal Employees Retirement System (MERS) and Municipal Police Employees Retirement System (MPERS). Both of these plans have separate boards of trustees and administer cost-sharing, multiple-employer defined benefit pension plans, including classes of employees with different benefits and contributions rates (sub-plans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all sub-plans administered by these systems to the State Legislature. Each plan issues a public report that includes financial statements and required supplementary information. Copies of these reports for MERS and MPERS may be obtained at www.mersla.com and www.lampers.org.

General Information about the Pension Plans

Plan Descriptions/Benefits Provided:

Municipal Employees' Retirement System: MERS provides retirement, disability, and survivor's benefits to employees of all incorporated villages, towns, and cities within the state which do not have their own retirement plan and which elect to become members of the Plan.

Membership in MERS is mandatory for any permanent employee working at least 35 hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the Plan with exceptions as outlined in the statutes. Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he/she has been a member of MERS and has 25 years of creditable service at any age or has 10 years of creditable service and is age 60. A member is eligible for early retirement after he has been a member of MERS for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three percent of the member's monthly average final compensation multiplied by his years of creditable service.

Membership Commencing January 1, 2013: A member is eligible for regular retirement after he/she has been a member of MERS and has 7 years of creditable service at age 67, 10 years of creditable service at age 62, or has 30 years of creditable service at age 55. A member is eligible for early retirement after he/she has been a member of the Plan for 25 years of creditable service at any age, with an actuarially reduced benefit. Benefit rates are three percent of the member's final average compensation multiplied by his/her years of creditable service. Final average

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. Any city marshal or deputy city marshal receives an additional regular retirement benefit. Upon death of an active contributing member with five or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Cost of Living Adjustments

MERS 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 Plan 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.

Deferred Retirement Option Plan

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his/her option, a lump sum from the account equal to the payments into the account, a true annuity based upon his/her account balance in that fund, or any other method of payment if approved by the board of trustees. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the Plan.

Disability Benefits

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

Municipal Police Employees' Retirement System: MPERS provides retirement, disability, and survivor's benefits to municipal police officers.

Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children.

Membership Commencing January 1, 2013: A member's eligibility for regular retirement, early retirement, disability and survivor benefits are based on hazardous duty and nonhazardous sub duty plans. Under the hazardous duty sub-plan, a member is eligible for regular retirement after he/she has been a member of the Plan and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the non-hazardous duty sub-plan, a member is eligible for regular retirement after he has been a member of the Plan and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the Plan for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under hazardous and non-hazardous duty sub-plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the Plan provides for surviving spouses and minor children.

Cost of Living Adjustments

MPERS's Board of Trustees are authorized by State statutes 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 Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

Deferred Retirement Option Plan

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

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

Initial Benefit Option Plan

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

Employer Contributions

Each year the Louisiana Public Employee Retirement System Actuary Committee approves the contribution rates for employees and employers needed to fund 100% of the annual required contribution for both the current and unfunded portions of the net pension liability as required by state law for each state-sponsored retirement system plan. The City pays 100% of the required annual contribution, as determined by eligible active employee wages, and contributions are funded from the same sources the related salaries are paid.

The contribution requirements of plan members and the City are established and may be amended by state statute. According to state statute, contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Employer contributions to MERS and MPERS were \$515,136 and \$269,435 with the following contribution rates:

	<u>Jan 1, 2025 to June 30, 2025</u>		<u>July 1, 2025 to Dec 31, 2025</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
MERS	10.00%	28.00%	10.00%	27.00%
MPERS				
Members hired prior to 1/1/2013	10.00%	35.60%	10.00%	33.475%
Hazardous Duty Members hired after 1/1/2013	10.00%	35.60%	10.00%	33.475%
Non Hazardous Duty Members hired after 1/1/2013	8.00%	35.60%	8.00%	33.475%
Member whose earnable compensation is less than poverty guidelines	7.50%	38.10%	7.50%	35.975%

Non-employer Contributions

MERS receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes except for Orleans, per state statute. The Plan also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income of \$75,107 are used as additional employer contributions and considered support from non-employer contributing entities.

MPERS receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$60,258 for MPERS was recognized as revenue during the fiscal year.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

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

At December 31, 2025, the City reported a liability of \$3,432,155 for its proportionate share of the MERS and MPERS Net Pension Liability (NPL). This liability will be liquidated by the General fund and the Water and Sewer funds. The NPL was measured as of June 30, 2025, and the total pension liabilities used to calculate the NPL was determined by actuarial valuations as of that date. The City's proportions of the NPL were based on an allocation method based on employer's contribution to the respective retirement plans during the plan year ended June 30, 2025 as compared to the total of all employers' contributions to the respective retirement plans during the plan year ended 2025.

As of June 30, 2025, the most recent measurement date, the City's proportions and the changes in proportion from the prior measurement date were as follows:

<u>System</u>	<u>City's Proportion</u>	<u>Change in Proportion</u>
MERS	0.885188%	0.002939%
MPERS	0.203169%	0.011468%

For the year ended December 31, 2025, the City recognized a total pension expense for state sponsored plans of \$309,500 for MERS and \$150,713 for MPERS. The City reported deferred outflows of resources and deferred inflows of resources related to pensions as components of unrestricted net position from the following sources:

Governmental Activities:

	<u>Deferred Outflows</u>			<u>Deferred Inflows</u>		
	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 2,743	\$ 68,032	\$ 70,775	\$ 20,120	\$ 37,121	\$ 57,241
Changes of assumptions	-	-	-	4,372	64,442	68,814
Net difference between projected and actual earnings on pension plan investments	-	-	-	77,802	110,524	188,326
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,769	73,897	122,666	3,905	129,172	133,077
Employer contributions subsequent to the measurement date	141,947	130,388	272,335	-	-	-
Total	<u>\$ 193,459</u>	<u>\$ 272,317</u>	<u>\$ 465,776</u>	<u>\$ 106,199</u>	<u>\$ 341,259</u>	<u>\$ 447,458</u>

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

Business Type Activities:

	Deferred Outflows			Deferred Inflows		
	MERS	MPERS	Total	MERS	MPERS	Total
Differences between expected and actual experience	\$ 1,869	\$ -	\$ 1,869	\$ 13,712	\$ -	\$ 13,712
Changes of assumptions	-	-	-	2,979	-	2,979
Net difference between projected and actual earnings on pension plan investments	-	-	-	53,024	-	53,024
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,209	-	41,209	-	-	-
Employer contributions subsequent to the measurement date	96,739	-	96,739	-	-	-
Total	<u>\$ 139,817</u>	<u>\$ -</u>	<u>\$ 139,817</u>	<u>\$ 69,715</u>	<u>\$ -</u>	<u>\$ 69,715</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the plan's NPL in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Governmental Activities:

	MERS	MPERS	Total
2026	\$ 115,672	\$ 73,356	\$ 189,028
2027	(76,690)	(157,072)	(233,762)
2028	(65,224)	(69,313)	(134,537)
2029	(28,445)	(46,301)	(74,746)
Total	<u>\$ (54,687)</u>	<u>\$ (199,330)</u>	<u>\$ (254,017)</u>

Business-Type Activities:

	MERS	MPERS	Total
2026	\$ 89,466	\$ -	\$ 89,466
2027	(52,265)	-	(52,265)
2028	(44,451)	-	(44,451)
2029	(19,387)	-	(19,387)
Total	<u>\$ (26,637)</u>	<u>\$ -</u>	<u>\$ (26,637)</u>

Actuarial Assumptions. The NPL was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net pension. The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

	MERS	MPERS
Valuation Date	June 30, 2025	June 30, 2025
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	3 years	4 years
Investment Rate of Return	6.85%, net of investment exp.	6.75%, net of investment exp.
Inflation Rate	2.50% per annum	2.50% per annum
Mortality - Non-disabled	PubG-2010(B) Healthy Retiree Table set equal to 115% for males & 120% females, each adjusted using their respective male & female MP2021 scales. PubG-2010(B) Employee Table set equal to 115% for males & 120% for females, each adjusted using their respective male & female MP2021 scales	For active members, Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Employees (base table multiplied by 125% for males and 125% for females using the full generational MP2021 scale). For annuitants & beneficiaries, Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees (base table multiplied by 125% for males and 125% for females using the MP2021 scale).
Mortality - Disabled	PubNS-2010(B) Disabled Retiree Table set equal to 115% for males & 120% females with the full generational MP2021 scale	Pub-2016 Public Retirement Plans Mortality Table Total Dataset for Safety Disabled Retirees (base table multiplied by 125% for males and 125% for females using the full generational MP2021 scale)
Termination, Disability, Retirement	2018-2023 experience study	2019-2024 experience study
Salary Increases	1 to 2 years of service - 9.0%, more than 2 years of service - 4.4%	1 to 2 years of service - 13.00%, years - 4.75% above 2
Cost of Living Adjustments	Not substantively automatic	Not substantively automatic

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

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

	Target Allocation	LT Expected Real Rate of Return
MERS (arithmetic)		
Public equity	53.00%	2.31%
Public fixed income	29.00%	1.26%
Alternatives	18.00%	0.78%
Total	100.00%	4.35%
Inflation		2.50%
Expected arithmetic nominal return		6.85%
MPERS (arithmetic)		
Equity	51.00%	3.20%
Fixed Income	35.00%	1.21%
Alternative	14.00%	1.04%
Total	100.00%	5.45%
Inflation		2.67%
Expected arithmetic nominal return		8.12%

Discount Rate. The discount rate used to measure the total pension liability was 6.85% for MERS, 6.75% for MPERS. There was no change in the discount rate from prior years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of each plan's actuary. Based on those assumptions, each 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.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

Sensitivity of the proportionate share of the NPL to changes in the discount rate. The following presents the City's proportionate share of the NPL for all plans using the current discount rate 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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS	\$ 3,328,248	\$ 2,029,050	\$ 932,799
MPERS	2,301,569	1,403,105	650,675

Pension plan fiduciary net position. Detailed information about the plan's fiduciary net position is available in the separately issued financial report referenced above.

Payables to the Pension Plan. At December 31, 2025, the City had no payables to MERS and MPERS.

NOTE 11 - LONG-TERM DEBT

During the year ended December 31, 2025, the following changes occurred in long-term debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental Activities:					
Leases	\$ 467,023	\$ -	\$ 88,785	\$ 378,238	\$ 120,840
Compensated absences *	161,129	-	36,023	125,106	98,232
Total	<u>\$ 628,152</u>	<u>\$ -</u>	<u>\$ 124,808</u>	<u>\$ 503,344</u>	<u>\$ 219,072</u>

* The change in compensated absences is the net change for the year.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Business-Type Activities:					
Private placement sales tax bonds	\$ 2,600,000	\$ -	\$ 355,000	\$ 2,245,000	\$ 355,000
Sales tax bonds	2,710,000	-	-	2,710,000	5,000
Premium on sales tax bonds	43,552	-	3,110	40,442	-
Leases	82,594	-	23,304	59,290	25,337
URAF agreements	1,428,142	-	3,000	1,425,142	3,000
Drinking water revolving fund loan	255,563	188,407	-	443,970	134,111
Total	<u>\$ 7,119,851</u>	<u>\$ 188,407</u>	<u>\$ 384,414</u>	<u>\$ 6,923,844</u>	<u>\$ 522,448</u>

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

Sales Tax Bonds:

The individual bonds issues for the business type activities sales tax bonds are as follows:

<u>Original Issue</u>	<u>Issue Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Interest to Maturity</u>	<u>Fiscal Year Final Maturity</u>	<u>Outstanding at Year End</u>
Revenue Bonds:						
Direct Borrowing and Private Placement:						
Improvements to water system, Refunding	2021	\$ 3,365,000	1.69%	\$ 118,512	2032	\$ 2,245,000
Public Offering:						
Improvements to water system	2024	2,710,000	4.00%	1,017,551	2038	2,710,000

The sales tax bonds are due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2026	\$ 360,000	\$ 140,594	\$ 500,594
2027	365,000	134,426	499,426
2028	375,000	128,130	503,130
2029	380,000	121,667	501,667
2030	385,000	114,949	499,949
2031-2035	1,815,000	422,940	2,237,940
2036-2039	1,275,000	73,357	1,348,357
	<u>\$ 4,955,000</u>	<u>\$ 1,136,063</u>	<u>\$ 6,091,063</u>

Sinking Fund Requirements:

For the 2021 bonds, the City must transfer each month an amount equal to the principal and interest accruing on the bonds for that month. The required amount to be on deposit at December 31, 2025 was \$353,460. The deposit in the sinking fund exceeded the required amount.

The 2024 bond issuance has two reserve requirements – reserve fund and sinking fund.

Reserve fund: 10% of the bonds proceeds at issuance were transferred to the reserve fund. The City is required to transfer monthly on or before the 20th, \$1,841 until the reserve requirement is met. The reserve requirement is an amount equal to 100% of the maximum annual principal and interest requirements on the bonds. The deposit in the reserve account met the required deposits.

Sinking fund: The City must transfer each month an amount equal to the principal and interest accruing on the bonds for such month. The deposit in the sinking fund met the requirement.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

Pledged Revenues:

The City has pledged future collections of the 0.5% sales and use tax being levied and collected pursuant to the provisions of the law and in compliance with the said election held in 2009 to repay the sales tax bond issuances. The total bond issuances were \$6,075,000. Proceeds from the bonds provide financing for the purpose of maintaining, operating, and supporting the water system. These revenue bonds are paid solely from the Water fund and are payable through fiscal year 2032 for the 2021 bonds and 2038 for the 2024 bonds. The total principal and interest remaining to be paid on the bonds are \$4,955,000 and \$1,136,063. Of the \$1,105,391 received for the ½% sales tax collections, the City paid \$355,000 in principal and \$138,453 in interest for the fiscal year ended December 31, 2025. The annual principal and interest payments are estimated to be 30.54% of the tax revenues over the next 7 years for the 2021 bonds and 25.94% of the tax revenues for the 2024 bonds for 13 years.

URAF:

The individual utility relocation agreement funding (URAF) debt is as follows:

Original Issue	Issue Date	Original Borrowing	Interest Rates to Maturity	Outstanding at Year End
Utility Relocation Agreement Funding (URAF):				
Agreement/Project Number:				
08085/105-01-0008	3/14/1991	\$ 238,029	0%	\$ 221,028
08751/021-02-0037	7/24/1996	106,665	0%	86,665
08996/035-04-0010	7/9/1998	50,534	0%	33,534
06465/035-03-0015	7/12/1982	133,858	0%	133,858
LTM116-02/025-05-0023	5/16/2006	49,573	0%	49,573
LTM399-01/025-05-0024	3/28/2008	600,322	0%	600,322
14958	8/23/2019	300,162	0%	300,162
				<u>\$ 1,425,142</u>

The DOTD advanced the City's share of the cost of relocation of utility lines in connection with the above referenced projects. URAF funding is neither a loan nor a grant and there is no interest charged on this money. The City entered into an agreement to make a \$1,000 annual payment on the first three notes noted above. The annual payments are due on January 15th of each year. There was no agreement to repay the other notes.

Drinking Water Revolving Loan Fund:

The City received ten payments from the Drinking Water Revolving Loan fund totaling \$756,136. These are taxable revenue bonds, Series 2024, not to exceed \$1,130,000 in total. These funds are provided by the Bipartisan Infrastructure Law of 2021 which amended the Safe Water Drinking Water Act to provide capitalization grants to states to be used for "lead reduction projects" (as defined in the Federal Act). The City made application to the State of Louisiana for a loan from the State Revolving Fund specifically to complete an inventory of lead service lines. The Louisiana Health Department will purchase the bond from the City and pay the purchase price in installments pursuant to the loan agreement.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

Upon the payment of each principal draw on the loan 49% of the principal amount of each such draw on the loan shall immediately and irrevocably be deemed to be forgiven by the Department and no interest shall accrue on the principal amount that is so forgiven. For the current fiscal year, \$756,136 was drawn down, there had previously been \$212,607 in the prior fiscal year, for a total of \$977,743. The amount forgiven totaled \$479,094 was forgiven leaving a balance of \$443,971 which is due as follows:

2026	\$	134,112
2027		103,183
2028		103,338
2029		103,338
	\$	<u>443,971</u>

Leases:

The City leased seven vehicles in the 2023 fiscal year for \$271,700 for five years at interest rates ranging from 8.19% to 8.51%, In the 2024 fiscal year, the City leased eight police vehicles for \$358,735 for five years with an interest rate of 8.19% and police laptops for \$67,500 with an interest rate of 4.33%. These payments are due as follows:

Governmental Activities:

Year	Principal	Interest	Total Payment
2026	\$ 120,840	\$ 26,559	\$ 147,399
2027	106,768	17,171	123,939
2028	85,672	8,926	94,598
2029	64,958	2,308	67,266
	<u>\$ 378,238</u>	<u>\$ 54,964</u>	<u>\$ 433,202</u>

Business-Type Activities:

Year	Principal	Interest	Total Payment
2026	\$ 25,337	\$ 4,020	\$ 29,357
2027	27,549	1,808	29,357
2028	6,405	84	6,489
	<u>\$ 59,291</u>	<u>\$ 5,912</u>	<u>\$ 65,203</u>

NOTE 12 - ON-BEHALF SUPPLEMENTAL PAY

Certain employees meeting statutory qualifications in the police and fire departments receive supplemental pay directly from the State of Louisiana. This supplemental pay, in the amount of \$168,900, is recognized as intergovernmental revenue and police and fire expenditures. Of the \$168,900 recognized, the State paid \$78,520 to City Firemen and \$90,380 to City Police.

City of Mansfield
Notes to the Financial Statements
For the Year Ended December 31, 2025

NOTE 13 - LITIGATIONS AND CONTINGENCIES

Contingencies: The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

Construction Commitments: The City has two construction projects ongoing at December 31, 2025. The lead service line inventory project amount of \$1,130,000 with \$1,023,911 expended at December 31, 2025. The water meter project amount is \$2,653,138 with \$2,066,681 expended at December 31, 2025.

Litigations: Various lawsuits are pending against the City of Mansfield. Attorneys of the City are of the opinion that any judgement rendered in favor of the plaintiff will not materially affect the financial position of the City at December 31, 2025.

NOTE 14 - RISK MANAGEMENT The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and automobile liability for which the City carries commercial insurance.

NOTE 15 - NEW GASB STANDARD In the current fiscal year, the City implemented GASB Statement No. 102, *Certain Risk Disclosures*. The adoption of this statement did not have a material effect on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Mansfield

Exhibit 1-1

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY Last Ten Years

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Employees' Retirement System (MERS)					
2025	0.885188%	\$ 2,029,050	\$ 1,795,210	113.03%	83.47%
2024	0.882249%	2,482,648	1,725,688	143.86%	79.05%
2023	0.805900%	2,945,451	1,492,828	197.31%	72.46%
2022	0.747750%	3,105,571	1,414,068	219.62%	67.87%
2021	0.753900%	2,096,978	1,638,231	128.00%	77.82%
2020	0.810960%	3,506,099	1,593,658	220.00%	64.52%
2019	0.787910%	3,292,392	1,432,699	229.80%	64.68%
2018	0.739660%	3,062,690	1,368,343	223.82%	63.94%
2017	0.733460%	3,068,390	1,481,072	207.17%	62.49%
2016	0.800790%	3,282,200	1,491,121	220.12%	62.11%
Municipal Police Employees' Retirement System (MPERS)					
2025	0.203169%	\$ 1,403,105	\$ 656,000	213.89%	81.94%
2024	0.191701%	1,736,803	648,947	267.63%	75.84%
2023	0.226720%	2,303,005	605,619	380.27%	71.30%
2022	0.196020%	2,288,747	581,543	393.56%	70.80%
2021	0.147800%	926,913	549,577	168.66%	84.09%
2020	0.128140%	1,597,934	485,790	328.94%	70.94%
2019	0.136900%	1,243,272	399,156	311.48%	71.01%
2018	0.172890%	1,083,320	404,849	267.59%	71.89%
2017	0.173890%	1,290,330	476,917	270.56%	70.08%
2016	0.223910%	1,837,222	613,552	299.44%	66.04%

Notes:

The amounts presented were determined as of the measurement date of June 30th of the current fiscal year end.

See notes to required supplementary information for pensions.

City of Mansfield

Exhibit 1-2

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN Last Ten Years

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Municipal Employees' Retirement System (MERS)					
2025	\$ 515,136	\$ 515,136	\$ -	\$ 1,839,771	28.00%
2024	529,587	529,587	-	1,795,210	29.50%
2023	509,078	509,078	-	1,725,688	29.50%
2022	440,384	440,384	-	1,492,828	29.50%
2021	417,150	417,150	-	1,414,068	29.50%
2020	454,609	454,609	-	1,638,231	27.75%
2019	414,351	414,351	-	1,593,658	26.00%
2018	354,593	354,593	-	1,432,699	24.75%
2017	311,298	311,298	-	1,368,343	22.75%
2016	292,512	292,512	-	1,481,072	19.75%
Municipal Police Employees' Retirement System (MPERS)					
2025	\$ 269,435	\$ 269,435	\$ -	\$ 756,840	35.600%
2024	222,548	222,548	-	656,000	33.925%
2023	209,463	209,463	-	648,947	32.277%
2022	203,997	203,997	-	605,619	33.684%
2021	182,791	182,791	-	581,543	31.432%
2020	182,034	182,034	-	549,577	33.123%
2019	157,312	157,312	-	485,790	32.383%
2018	125,734	125,734	-	399,156	31.500%
2017	126,636	126,636	-	404,849	31.280%
2016	145,792	145,792	-	476,917	30.570%

Notes:

The amounts presented were determined as of the fiscal year end.

See notes to required supplementary information for pensions.

City of Mansfield

Notes to Required Supplementary Information for Pensions

The following schedule provides changes in actuarial assumptions for Municipal Employee's Retirement System (MERS):

Valuation Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Investment Rate of Return	6.85%, net of investment exp.	6.85%, net of investment exp.	6.85%, net of investment exp.	6.85%, net of investment exp.	6.85%, net of investment exp.	6.95%, net of investment exp.	7.00%, net of investment exp.	7.275%, net of investment exp.	7.40%, net of investment exp.	7.50%, net of investment exp.
Inflation Rate	2.50% per annum	2.50% per annum	2.50% per annum	2.50% per annum	2.50% per annum	2.50% per annum	2.50% per annum	2.60% per annum	2.775% per annum	2.875% per annum
Mortality-Non-Disabled	PubG-2010(B) Healthy Retiree Table set equal to 115% for males & 120% females, each adjusted using their respective male & female MP2021 scales. PubG-2010(B) Employee Table set equal to 115% for males & 120% for females, each adjusted using their respective male & female MP2021 scales	PubG-2010(B) Healthy Retiree Table set equal to 115% for males & females, each adjusted using their respective male & female MP2021 scales. PubG-2010(B) Employee Table set equal to 115% for males & 120% for females, each adjusted using their respective male & female MP2021 scales.	PubG-2010(B) Healthy Retiree Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales	PubG-2010(B) Healthy Retiree Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales	PubG-2010(B) Healthy Retiree Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales	PubG-2010(B) Healthy Retiree Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales	PubG-2010(B) Healthy Retiree Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales	RP-2000 Healthy Annuitant Sex Distinct Mortality Table (set forward 2 years for males & 1 year for females) projected to 2028 using Scale AA; RP-2000 Employee Sex Distinct Table (set back 2 years for both males and females)	RP-2000 Healthy Annuitant Sex Distinct Mortality Table (set forward 2 years for males & 1 year for females) projected to 2028 using Scale AA; RP-2000 Employee Sex Distinct Table (set back 2 years for both males and females)	RP-2000 Healthy Annuitant Sex Distinct Mortality Table (set forward 2 years for males & 1 year for females) projected to 2028 using Scale AA; RP-2000 Employee Sex Distinct Table (set back 2 years for both males and females)
Mortality-Disabled	PubNS-2010(B) Disabled Retiree Table set equal to 115% for males & 120% females with the full generational MP2021 scale	PubNS-2010(B) Disabled Retiree Table set equal to 115% for males & 120% for females with the full generational MP2021 scale.	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males & females with the full generational MP2018 scale	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males & females with the full generational MP2018 scale	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males & females with the full generational MP2018 scale	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males & females with the full generational MP2018 scale	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males & females with the full generational MP2018 scale	RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females)	RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females)	RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females)
Termination, Disability, Retirement	2018-2023 experience study	2018-2023 experience study	2013-2018 experience study	2013-2018 experience study	2013-2018 experience study	2013-2018 experience study	2013-2018 experience study	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study
Salary Increases	1 to 2 years of service - 9.0%, more than 2 years of service - 4.4%	1 to 2 years of service - 9.0%, more than 2 years of service - 4.4%	1 to 4 years of service - 6.4%, more than 4 years of service - 4.5%	1 to 4 years of service - 6.4%, more than 4 years of service - 4.5%	1 to 4 years of service - 6.4%, more than 4 years of service - 4.5%	1 to 4 years of service - 6.4%, more than 4 years of service - 4.5%	1 to 4 years of service - 6.4%, more than 4 years of service - 4.5%	5.0%	5.0%	5.0%

City of Mansfield

Notes to Required Supplementary Information for Pensions

The following schedule provides changes in actuarial assumptions for Municipal Police Employee's Retirement System (MPERS):

Valuation Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Investment Rate of Return	6.75%, net of investment exp.	6.75%, net of investment exp.	6.75%, net of investment exp.	6.75%, net of investment exp.	6.75%, net of investment exp.	6.95%, net of investment exp.	7.125%, net of investment exp.	7.20%, net of investment exp.	7.325%, net of investment exp.	7.50%, net of investment exp.
Inflation Rate	2.50% per annum	2.50% per annum	2.50% per annum	2.50% per annum	2.50% per annum	2.50% per annum	2.50% per annum	2.60% per annum	2.70% per annum	2.875% per annum
Mortality-Non-Disabled	For active members, Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Employees (base table multiplied by 125% for males and 125% for females using the full generational MP2021 scale). For annuitants & beneficiaries, Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees (base table multiplied by 125% for males and 125% for females using the MP2021 scale).	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees (base table multiplied by 115% for males and 125% for females using the full generational MP2019 scale) for healthy annuitants & employees	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees (base table multiplied by 115% for males and 125% for females using the full generational MP2019 scale) for healthy annuitants & employees	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees (base table multiplied by 115% for males and 125% for females using the full generational MP2019 scale) for healthy annuitants & employees	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees (base table multiplied by 115% for males and 125% for females using the full generational MP2019 scale) for healthy annuitants & employees	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees (base table multiplied by 115% for males and 125% for females using the full generational MP2019 scale) for healthy annuitants & employees	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2020 by Scale AA (set back 1 year for females) for healthy annuitants & beneficiaries. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2020 by Scale AA (set back 1 year for females) for healthy annuitants & beneficiaries. RP-2000 Employee Table (set back 4 years for males and 3 years for females for active members	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2020 by Scale AA (set back 1 year for females) for healthy annuitants & beneficiaries. RP-2000 Employee Table (set back 4 years for males and 3 years for females for active members	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2020 by Scale AA (set back 1 year for females) for healthy annuitants & beneficiaries. RP-2000 Employee Table (set back 4 years for males and 3 years for females for active members
Mortality-Disabled	Pub-2016 Public Retirement Plans Mortality Table Total Dataset for Safety Disabled Retirees (base table multiplied by 125% for males and 125% for females using the full generational MP2021 scale)	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees (base table multiplied by 105% for males and 115% for females using the full generational MP2019 scale)	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees (base table multiplied by 105% for males and 115% for females using the full generational MP2019 scale)	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees (base table multiplied by 105% for males and 115% for females using the full generational MP2019 scale)	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees (base table multiplied by 105% for males and 115% for females using the full generational MP2019 scale)	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees (base table multiplied by 105% for males and 115% for females using the full generational MP2019 scale)	RP-2000 Disabled Lives Table (set back 5 years for males and 3 years for females)	RP-2000 Disabled Lives Table (set back 5 years for males and 3 years for females)	RP-2000 Disabled Lives Table (set back 5 years for males and 3 years for females)	RP-2000 Disabled Lives Table (set back 5 years for males and 3 years for females)
Termination, Disability, Retirement	2019-2024 experience study	2014-2019 experience study	2014-2019 experience study	2014-2019 experience study	2014-2019 experience study	2014-2019 experience study	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study
Salary Increases	1 to 2 years of service - 13.00%, Above 2 years - 4.75%	1 to 2 years of service - 12.30%, Above 2 years - 4.70%	1 to 2 years of service - 12.30%, Above 2 years - 4.70%	1 to 2 years of service - 12.30%, Above 2 years - 4.70%	1 to 2 years of service - 12.30%, Above 2 years - 4.70%	1 to 2 years of service - 12.30%, Above 2 years - 4.70%	1 to 2 years of service - 9.75%, 3 to 23 years of service - 4.75%, Over 23 years of service - 4.25%	1 to 2 years of service - 9.75%, 3 to 23 years of service - 4.75%, Over 23 years of service - 4.25%	1 to 2 years of service - 9.75%, 3 to 23 years of service - 4.75%, Over 23 years of service - 4.25%	1 to 2 years of service - 9.75%, 3 to 23 years of service - 4.75%, Over 23 years of service - 4.25%

City of Mansfield
Budgetary Comparison Schedule
Of the General Fund
For The Year Ended December 31, 2025

Exhibit 2

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	BUDGETARY	WITH FINAL
			BASIS	BUDGET
BUDGETARY FUND BALANCES, BEGINNING	\$ 1,566,062	\$ 1,566,062	\$ 1,566,062	\$ -
Resources (inflows)				
Taxes:				
Ad valorem	471,234	488,223	482,653	(5,570)
Sales and use	2,300,000	2,194,835	2,210,889	16,054
Other taxes, penalties, and interest	530,250	460,214	461,082	868
Licenses and permits	728,500	785,767	782,254	(3,513)
Intergovernmental revenues	178,800	186,134	209,674	23,540
Fees, charges and commissions for services	265,500	253,312	264,348	11,036
Fines and forfeitures	207,600	22,258	22,223	(35)
Oil & gas royalties	100,000	278,637	281,530	2,893
Miscellaneous revenues	146,100	193,189	194,089	900
Transfers from other funds	-	-	19,878	19,878
	<u>6,494,046</u>	<u>6,428,631</u>	<u>6,494,682</u>	<u>66,051</u>
Amounts available for appropriations				
Charges to appropriations (outflows)				
Current:				
General and administrative	1,536,184	1,728,829	1,852,805	(123,976)
Police department	1,600,000	1,669,717	1,576,820	92,897
Fire department	597,250	638,410	705,648	(67,238)
Sanitation and health	517,800	147,283	153,429	(6,146)
Parks and recreation	-	930	930	-
Public works	676,750	563,368	559,664	3,704
Capital outlay	-	125,087	120,953	4,134
Debt service:				
Principal retirement	-	-	88,785	(88,785)
Interest and bank charges	-	-	32,474	(32,474)
Total charges to appropriations	<u>4,927,984</u>	<u>4,873,624</u>	<u>5,091,508</u>	<u>(217,884)</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ 1,566,062</u>	<u>\$ 1,555,007</u>	<u>\$ 1,403,174</u>	<u>\$ (151,833)</u>

See accompanying notes to the budgetary comparison schedule.

City of Mansfield

Notes to the Budgetary Comparison Schedules For the General Fund For the Year Ended December 31, 2025

NOTE A. BUDGET PRACTICES The Mayor is to present the proposed budget with the proposed adoption instrument to the Board no later than 15 days prior to the beginning of the fiscal year. Also, the proposed budget must be made available for public inspection no later than 15 days prior to the beginning of the fiscal year in accordance with state law. The Board is responsible for adopting the budgets in an open meeting before the end of the prior fiscal year.

Before the adoption of the budget, if the City has total proposed expenditures of \$500,000 or more from the general fund and any special revenue fund in a fiscal year, the public must be given an opportunity to participate in the budgetary process accordance with state law. No proposed budget shall be considered for adoption or otherwise finalized until at least one public hearing has been conducted on the proposal.

If, at the end of any fiscal year, the appropriations necessary for the support of the City for the ensuing fiscal year have not been made, then 50% of the amounts appropriated in the appropriation ordinance/resolution for the last validly passed budget year shall be deemed reappropriated for the several objects and purposes specified in such ordinance/resolution. This 50% limitation will continue until a budget is approved.

The Mayor is to administer and monitor the budgets and provide the Board with monthly financial statements and budget-to-actual comparisons, including any warnings of corrective actions needed. The Board is responsible for adopting amended budgets on a timely basis. The City does not use encumbrance accounting in its accounting system. Appropriations (unexpended budget balances) lapse at year end.

All governmental funds' budgets are prepared on the modified accrual basis of accounting in accordance with GAAP.

NOTE B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN THE GENERAL FUND

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund	\$ 4,879,965	\$ 5,091,508	\$ (211,543)

City of Mansfield

Notes to the Budgetary Comparison Schedules General Fund For the Year Ended December 31, 2024

Note C - BUDGET TO GAAP RECONCILIATION - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	<u>GENERAL</u>
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 6,494,682
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,566,062)
Transfers in are shown as resources (inflows) for budgetary purposes but as other financing sources for reporting purposes	<u>(19,878)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and changes in Fund Balances - Governmental Funds	<u><u>4,908,742</u></u>
<u>Uses/outflows of resources:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	<u>5,091,508</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 5,091,508</u></u>

City of Mansfield

SUPPLEMENTARY INFORMATION

City of Mansfield

Exhibit 3

Schedule of Compensation Paid to Alderpersons For the Year Ended December 31, 2025

The City of Mansfield, paid the following amounts for compensation to the members of the Council:

<u>Aldersperson</u>	<u>Compensation</u>
Mary Green	\$ 9,600
Victoria Jackson	9,600
Rita Myles	9,600
Christopher Thomas	9,600
Antonio Washington	9,600
Total	<u>\$ 48,000</u>

City of Mansfield

Exhibit 4

**Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2025**

Thomas Jones, Mayor

Purpose	Amount
Salary	\$ 45,000
Benefits - Insurance	23,714
Benefits - Retirement	12,375
Benefits-Medicare	783
Car allowance	9,000
Travel	1,306
Registration fees	310
Special meals	440
Total	<u>\$ 92,928</u>

City of Mansfield

Exhibit 5

Justice System Funding Schedule - Collecting/Disbursing Entity As Required by Act 87 of the 2020 Regular Legislative Session

	First Six Month Period Ended 06/30/25	Second Six Month Period Ended 12/31/25
Cash Basis Presentation		
1. Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 65,509	\$ 67,399
2. Add: Collections		
Bond Fees	3,900	3,800
Criminal Court Costs/Fees	2,130	1,770
Criminal Fines - Other	17,076	13,171
Subtotal Collections	23,106	18,741
3. Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)		
Indigent Defender Fund; Criminal Fines-Other	1,715	2,360
LCLE-Crime Victims; Criminal Fines-Other	142	225
Ware Youth Center; Criminal Fines-Other	368	518
LCLE-Police Training; Criminal Fines-Other	-	-
North LA Crime Lab; Criminal Fines-Other	460	660
LA Supreme Court-CMIS; Criminal Fines-Other	171	244
DHH-Traumatic Head Injury; Criminal Fines-Other	75	80
LA Supreme Court-Justice System; Criminal Fines-Other	-	-
DeSoto Crimestoppers; Criminal Fines-Other	94	130
4. Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency:		
Criminal Court Costs/Fees	2,130	1,770
Criminal Fines-Other	12,561	9,498
5. Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	3,500	800
6 Subtotal Disbursements/Retainage	21,216	16,285
7. Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ 67,399	\$ 69,855

**OTHER REPORTS REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

ALLEN, GREEN & WILLIAMSON, LLP



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Margie Williamson, CPA

Jennie Henry, CPA, CFE

Supervisor: Sandra Harper, CPA, CFE

Tax Senior: John Forsell, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

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*

Independent Auditor's Report

To the Honorable Mayor Thomas Jones
and City Council
City of Mansfield
Mansfield, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mansfield as of and for the year ended December 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 June 30, 2026.

Report on Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2025-001 to be material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as item 2025-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2025-002.

The 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. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP
Monroe, Louisiana
June 30, 2026

City of Manfield
Schedule of Current Year Findings & Responses
For the Year Ended December 2025

Part I – Summary of the Auditor’s Results

Financial Statement Audit

- i. The type of audit report issued was an unmodified opinion on the governmental activities, business type activities, each major fund and the aggregate remaining fund information.
- ii. Two significant deficiencies in internal control over financial reporting were identified. One of those is considered to be a material weakness.
- iii. The audit disclosed instances of noncompliance that were material to the financial statements, as defined by Government Auditing Standards.

PART II – Findings related to the financial statements which are required to be reported in accordance with Governmental auditing Standards generally accepted in the United States of America.

Reference # and Title: 2025-001 Deficiencies in Internal Control

Entity-Wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: Sound internal controls are essential to ensure financial operations are executed in accordance with established policies and procedures. These controls must provide for proper authorization, documentation, segregation of duties, and oversight over financial transactions, inventory, utility billing, and vendor disbursements. Strong internal control systems reduce the risk of errors, fraud, and inefficiencies.

Condition Found: During audit procedures several internal control deficiencies were identified. These include:

- Financial transactions processed without adequate supporting documentation or appropriate approvals.
- Purchase orders dated after corresponding invoices, indicating lapses in procurement control.
- Inconsistent application of established policies, including enforcement of utility disconnection procedures.
- Absence of formally adopted policies in key areas such as inventory management, capital asset tracking, and grant administration.
- No separation of duties in the payroll process.
- Oversight of general ledger entries is lacking.

These deficiencies indicate that existing internal controls are not consistently followed or are insufficient in several critical areas of financial operations. The findings suggest material weaknesses throughout the departments of the City rather than isolated exceptions.

Context: The issues were noted through audit tests of vendor disbursements and journal entries, utility system data reviews, and interaction with staff.

Possibly Asserted Effect (Cause and Effect)

Cause: Inadequate enforcement of established policies, absence of formalized procedures in key areas, and insufficient monitoring controls.

City of Manfield
Schedule of Current Year Findings & Responses
For the Year Ended December 2025

PART II – Findings related to the financial statements which are required to be reported in accordance with Governmental auditing Standards generally accepted in the United States of America.

Effect: Increased risk of financial misstatements, noncompliance with regulations, unauthorized transactions, and diminished accountability over public funds.

Recommendation to Prevent Future Occurrences:

The City of Mansfield should evaluate its internal control framework and take steps to strengthen compliance with established procedures. Key recommendations include:

- Enforcing existing financial control procedures consistently across all departments.
- Developing and implementing formal written policies for inventory, asset management, payroll processing and grant fund management.
- Ensuring all financial transactions are properly supported and approved in accordance with existing policy. Review of these transaction including review of supporting documentation.
- Enhancing oversight functions, particularly in areas prone to risk, such as utility billing enforcement and credit card use.
- Providing training to personnel on the importance of internal controls and their role in ensuring accountability and compliance.

Origination Date and Prior Year Reference: This is a reoccurring finding, starting in the fiscal year 2024.

Management's Response: We will schedule training for all employees this summer and guide them through the procurement process and advise them to adhere to policies and procedures on a consistent basis. We will also develop and implement written policies and procedures for inventory, asset management, and grant funding.

Reference # and Title: **2025-002 Non-Compliance with State Statutes regarding Budgets**

Entity-Wide or program/department specific: This finding is entity-wide.

Criteria or Specific Requirement: Louisiana municipalities are required to comply with various state statutes governing procurement, budgeting, and public meeting transparency. Specifically:

Louisiana Revised Statute (R.S.) 39:1307 requires political subdivisions with total proposed expenditures of **\$500,000 or more** in the general fund and special revenue funds to provide the public with an opportunity to participate in the budget process before adoption. The entity must publish notice that the proposed budget is available for public inspection, hold at least one public hearing with notice published at least ten days in advance, and certify completion of these public participation requirements before the budget may be adopted.

Conditions Found: The audit identified noncompliance with Louisiana state laws:

- The notice for the public bid hearing was published after the date of the budget approval hearing.

City of Manfield
Schedule of Current Year Findings & Responses
For the Year Ended December 2025

PART II – Findings related to the financial statements which are required to be reported in accordance with Governmental auditing Standards generally accepted in the United States of America.

Context: The compliance issues identified were related to the public being notified of a public budget meeting held by the Government. These instances of noncompliance point to a pattern of inadequate adherence to state-mandated laws, as well as a lack of follow-through on prior audit recommendations. The nature and recurrence of these issues, especially those related budgeting, suggest that internal monitoring systems may be insufficient to ensure ongoing compliance with applicable Louisiana statutes.

Possible Asserted Effect (Cause and Effect)

Cause: Lapses in oversight, insufficient awareness of state compliance requirements, and failure to implement corrective actions from prior audit cycles.

Effects: The City is exposed to legal noncompliance; there is an increased risk of operational inefficiencies. Lack of adherence to budget adoption procedures may result in unauthorized expenditures, reduced fiscal control, and limited assurance that public funds are being used efficiently and legally.

Recommendation to Prevent Future Occurrences:

- Establish procedures for timely publication of meeting notices in accordance with state law.

Origination Date and Prior Year Reference:

This is a reoccurring finding, originally noted in the fiscal year ended December 31, 2023.

Management's Response: We already have procedures in place for our budgeting process. We have experienced publishing delays with our local newspaper. Going forward, we will start posting earlier and follow-up with the publisher to assure the information is posted in the local journal.

Reference # and Title: 2025-003 Weakness in Financial Reporting

Entity-Wide or program/department specific: This finding is entity-wide.

Criteria or Specific Requirement: Generally Accepted Accounting Principles (GAAP) along with good financial management require that transactions be accurately recorded in the proper accounting period and account, accounts need to be routinely reconciled, and financial activity be appropriately classified. Municipal entities must ensure that journal entries are properly reviewed, account balances reflect actual conditions, and financial records are complete and reliable for external reporting and decision-making.

Condition Found: Audit procedures identified multiple accounting-related issues. These included errors in the classification of transactions, failure to record payables and discrepancies in accounts receivable, revenue and payable balances. Several entries required manual audit adjustments to correct misstatements. In addition, routine reconciliations were not consistently performed, and some accounts lacked adequate supporting documentation or oversight. The City did not record an Allowance for Doubtful accounts balance for the 2025 fiscal year, this entry was done as a manual audit adjustment.

City of Manfield
Schedule of Current Year Findings & Responses
For the Year Ended December 2025

PART II – Findings related to the financial statements which are required to be reported in accordance with Governmental auditing Standards generally accepted in the United States of America.

Context: The above listed accounting issues were noted during audit testing of journal entries, account balances, and reconciliations. The errors required auditor-initiated adjustment journal entries to be made and reflect a lack of routine financial oversight and post-closing review procedures.

Possible Asserted Effect (Cause and Effect):

Cause: Insufficient review of journal entries, failure to perform fund reconciliation and gaps in accounting procedures.

Effect: Potential misstatements in financial statements, unreliable fund balances, and weakened integrity of financial reporting.

Recommendation to Prevent Future Occurrences:

The City should strengthen its financial reporting controls by requiring consistent review of journal entries by a second reviewer, monthly reconciliation of all balance sheet accounts, and proper classification of revenues and expenditures. A structured closing process and supervisory review should be implemented to identify and correct errors prior to audit. Policies should also be established for managing overpayments and billing credits on a recurring basis.

Origination Date and Prior Year Reference (If Applicable):

This finding originated in the fiscal year ended December 31, 2024.

Management's Response: The City Clerk will review journal entries starting July 1, 2026.

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OTHER INFORMATION

City of Mansfield
Status of Prior Year Findings and Responses
For the Year Ended December 31, 2025

Reference # and title: 2024-001 Deficiencies in Internal Control

Condition found: Sound internal controls are essential to ensure financial operations are executed in accordance with established policies and procedures. These controls must provide for proper authorization, documentation, segregation of duties, and oversight over financial transactions, inventory, utility billing, and vendor disbursements. Strong internal control systems reduce the risk of errors, fraud, and inefficiencies.

During audit procedures several internal control deficiencies were identified. These include:

- Financial transactions processed without adequate supporting documentation or appropriate approvals.
- Purchase orders dated after corresponding invoices, indicating lapses in procurement control.
- Inconsistent application of established policies, including enforcement of utility disconnection procedures.
- Lack of oversight in areas such as police citation management and credit card activity.
- Absence of formally adopted policies in key areas such as inventory management, capital asset tracking, and grant administration.
- A critical data loss occurred in the utility billing system when an entire month of billing records was inadvertently overwritten by the water department. The lost data cannot be recovered, indicating a lack of data backup procedures and insufficient safeguards against overwriting critical system information.
- No separation of duties in the payroll process.

Status of finding: This has not been cleared. See current year finding 2025-001.

Reference # and title: 2024-002 Non-Compliance with State Statutes

Condition found: Louisiana municipalities are required to comply with various state statutes governing procurement, budgeting, public meeting transparency, and fee administration. Specifically:

- **Louisiana Revised Statute (R.S.) 38:2212** requires Cities to adhere to public bid law for purchases exceeding statutory thresholds.
- **Louisiana Revised Statute (R.S.) 39:1310** requires governing authorities to amend their budgets when revenues or expenditures exceed the original estimates by more than 5%.
- **Louisiana Revised Statute (R.S.) 42:20** mandates that minutes of public meetings be posted online within ten days of publication in the official journal.

City of Mansfield
Status of Prior Year Findings and Responses
For the Year Ended December 31, 2025

- **Article VII, Section 14 of the 1974 Constitution** prohibits the use of funds, credit, property or things of value of any political subdivision from being loaned, pledged and/or donated to any person, association or corporation, public or private.

The audit identified several instances of noncompliance with Louisiana state laws:

- Public bid law procedures were not followed for certain large purchases, including chemicals and water meters, despite prior-year findings noting similar concerns.
- The general fund budget was not amended during the fiscal year, despite expenditures exceeding the original budget by more than 5%, in violation of state budgeting requirements.
- As of January 21, 2025, the most recent public meeting minutes posted on the Town's website were dated April 8, 2024. This does not comply with requirements for timely online posting.
- Waivers of utility late fees were granted without proper documentation or explanation, reflecting inconsistent application of policy and lack of transparency.

Status of finding: This has not been cleared. See current year finding 2025-002.

Reference # and Title: 2024-003 Weakness in Financial Reporting

Condition found: Generally Accepted Accounting Principles (GAAP) along with good financial management require that transactions be accurately recorded in the proper accounting period and account, accounts need to be routinely reconciled, and financial activity be appropriately classified. Municipal entities must ensure that journal entries are properly reviewed, account balances reflect actual conditions, and financial records are complete and reliable for external reporting and decision-making.

Audit procedures identified multiple accounting-related issues. These included errors in the classification of transactions, failure to record liabilities in the appropriate period, and discrepancies in accounts receivable and payable balances. Several entries required manual audit adjustments to correct misstatements. In addition, routine reconciliations were not consistently performed, and some accounts lacked adequate supporting documentation or oversight. The City also did not maintain a consistent process for tracking or applying overpayments and billing credits.

Status of findings: This has not been cleared, see current year finding 2024-004.

City of Mansfield
Status of Prior Year Findings and Responses
For the Year Ended December 31, 2025

Reference # and Title: 2024-004 Inadequate Safeguarding of Credit Cards and Failure to Comply with Reporting Requirements of Louisiana Legislative Auditor

Condition found: All governmental entities must ensure strong internal controls over issuance, use, and oversight to protect public funds from misuse or theft. In accordance with Louisiana Revised Statute (R.S.) 24:523, any actual or suspected misappropriation of public funds must be reported in writing to the Louisiana Legislative Auditor (LLA) and the district attorney of the parish in which the entity is domiciled.

Additionally, routine review of credit card statements, prompt cancellation of cards upon employee separation, and secure card storage are essential control practices.

A discharged employee from the fire department, Donald Anthony Jr. obtained a City-issued credit card and, along with an acquaintance with no affiliation to the City, incurred charges totaling approximately \$14,000 between February 2024 and July 2024. These charges were not detected in a timely manner because the City did not implement adequate safeguards over credit card access or review of credit card statements. The matter was reported to the District Attorney; however, the City failed to notify the Louisiana Legislative Auditor as required by Louisiana Revised Statute 24:253. At the report date, one individual, Donald Anthony Jr., plead guilty to related charges and restitution of \$5,339.11 has been paid. The remaining balance of \$8,928.67 is subject to restitution ordered by the courts. The City did not file an insurance claim.

Status of finding: This finding has been cleared.

Corrective Action Plan for Current Year Audit Findings
and Responses for the Year Ended December 31, 2025



CITY OF MANSFIELD

"A CITY OF VISION & CHANGE"

705 POLK ST. MANSFIELD, LA 71052

P: 318-872-0406 F: 318-872-0402

Mayor Thomas Jones, Jr.

Corrective Action Plan

Contact Person: Mayor Thomas Jones – 318-872-0406 – mansfieldmayor@gmail.com

Reference # and Title: 2025-001 Deficiencies in Internal Control

Entity-Wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: Sound internal controls are essential to ensure financial operations are executed in accordance with established policies and procedures. These controls must provide for proper authorization, documentation, segregation of duties, and oversight over financial transactions, inventory, utility billing, and vendor disbursements. Strong internal control systems reduce the risk of errors, fraud, and inefficiencies.

Condition Found: During audit procedures several internal control deficiencies were identified. These include:

- Financial transactions processed without adequate supporting documentation or appropriate approvals.
- Purchase orders dated after corresponding invoices, indicating lapses in procurement control.
- Inconsistent application of established policies, including enforcement of utility disconnection procedures.
- Absence of formally adopted policies in key areas such as inventory management, capital asset tracking, and grant administration.
- No separation of duties in the payroll process.
- Oversight of general ledger entries is lacking.

These deficiencies indicate that existing internal controls are not consistently followed or are insufficient in several critical areas of financial operations. The findings suggest material weaknesses throughout the departments of the city rather than isolated exceptions.

Context: The issues were noted through audit tests of vendor disbursements and journal entries, utility system data reviews, and interaction with staff.

Possibly Asserted Effect (Cause and Effect)

Cause: Inadequate enforcement of established policies, absence of formalized procedures in key areas, and insufficient monitoring controls.

PART II – Findings related to the financial statements which are required to be reported in accordance with Governmental auditing Standards generally accepted in the United States of America.

Effect: Increased risk of financial misstatements, noncompliance with regulations, unauthorized transactions, and diminished accountability over public funds.

Recommendation to Prevent Future Occurrences:

The City of Mansfield should evaluate its internal control framework and take steps to strengthen compliance with established procedures. Key recommendations include:

- Enforcing existing financial control procedures consistently across all departments.
- Developing and implementing formal written policies for inventory, asset management, payroll processing, and grant fund management.
- Ensuring all financial transactions are properly supported and approved in accordance with existing policy. Review of these transaction including review of supporting documentation.
- Enhancing oversight functions, particularly in areas prone to risk, such as utility billing enforcement and credit card use.
- Providing training to personnel on the importance of internal controls and their role in ensuring accountability and compliance.

Origination Date and Prior Year Reference: This is a reoccurring finding, starting in the fiscal year 2024.

Management's Response: We will schedule training for all employees this summer and guide them through the procurement process and advise them to adhere to policies and procedures on a consistent basis We will also develop and implement written policies and procedures for inventory, asset management, and grant funding.

Reference # and Title: 2025-003 Non-Compliance with State Statutes regarding Budgets

Entity-Wide or program/department specific: This finding is entity-wide.

Criteria or Specific Requirement: Louisiana municipalities are required to comply with various state statutes governing procurement, budgeting, and public meeting transparency. Specifically:

Louisiana Revised Statute (R.S.) 39:1307 requires political subdivisions with total proposed expenditures of \$500,000 or more in the general fund and special revenue funds to provide the public with an opportunity to participate in the budget process before adoption. The entity must publish notice that the proposed budget is available for public inspection, hold at least one public hearing with notice published at least ten days in advance, and certify completion of these public participation requirements before the budget may be adopted.

Conditions Found: The audit identified noncompliance with Louisiana state laws:

- The notice for the public bid hearing was published after the date of the budget approval hearing.

Context: The compliance issues identified were related to the public being notified of a public budget meeting held by the Government. These instances of noncompliance point to a pattern of inadequate adherence to state-mandated laws, as well as a lack of follow-through on prior audit recommendations. The nature and recurrence of these issues, especially those related budgeting, suggest that internal monitoring systems may be insufficient to ensure ongoing compliance with applicable Louisiana statutes.

Possible Asserted Effect (Cause and Effect)

Cause: Lapses in oversight, insufficient awareness of state compliance requirements, and failure to implement corrective actions from prior audit cycles.

Effects: The City is exposed to legal noncompliance; there is an increased risk of operational inefficiencies. Lack of adherence to budget adoption procedures may result in unauthorized expenditures, reduced fiscal control, and limited assurance that public funds are being used efficiently and legally.

Recommendation to Prevent Future Occurrences:

- Establish procedures for timely publication of meeting notices in accordance with state law.

Origination Date and Prior Year Reference:

This is a reoccurring finding, originally noted in the fiscal year ended December 31, 2023.

Management's Response: We already have procedures in place for our budgeting Process. We have experienced publishing delays with our local newspaper. Going forward, we will start posting earlier and follow up with the publisher to ensure the information is posted in the local journal.

City of Mansfield

Reference # and Title: 2025-004 Weakness in Financial Reporting

Entity-Wide or program/department specific: This finding is entity-wide.

Criteria or Specific Requirement: Generally Accepted Accounting Principles (GAAP) along with good fiscal management require that transactions be accurately recorded in the proper accounting period and account, accounts need to be routinely reconciled, and financial activity be appropriately classified. Municipal entities must ensure that journal entries are properly reviewed, account balances reflect actual conditions, and financial records are complete and reliable for external reporting and decision-making.

Condition Found: Audit procedures identified multiple accounting-related issues. These included errors in the classification of transactions, failure to record payables and discrepancies in accounts receivable, revenue and payable balances. Several entries required manual audit adjustments to correct misstatements. In addition, routine reconciliations were not consistently performed, and some accounts lacked adequate supporting documentation or oversight. The city did record an Allowance for Doubtful accounts balance for the 2025 fiscal year; this entry was done as a manual audit adjustment.

Context: The above listed accounting issues were noted during audit testing of journal entries, account balances, and reconciliations. The errors required auditor-initiated adjustment journal entries to be made and reflect a lack of routine financial oversight and post-closing review procedures.

Possible Asserted Effect (Cause and Effect):

Cause: Insufficient review of journal entries, failure to perform fund reconciliation and gaps in accounting procedures.

Effect: Potential misstatements in financial statements, unreliable fund balances, and weakened integrity of financial reporting.

Recommendation to Prevent Future Occurrences:

The City should strengthen its financial reporting controls by requiring consistent review of journal entries by a second reviewer, monthly reconciliation of all balance sheet accounts, and proper classification of revenues

and expenditures. A structured closing process and supervisory review should be implemented to identify and correct errors prior to audit. Policies should also be established for managing overpayments and billing credits on a recurring basis.

Origination Date and Prior Year Reference (If Applicable):

This finding originated in the fiscal year ended December 31, 2024.

Management's Response: The City Clerk will review journal entries starting July 1, 2026.

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AGREED-UPON PROCEDURES



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Margie Williamson, CPA

Jennie Henry, CPA, CFE

Supervisor: Sandra Harper, CPA, CFE

Tax Senior: John Forsell, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the Honorable Thomas Jones and
Members of the Council
City of Mansfield
Mansfield, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended 2025. City of Mansfield's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation

with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Comment: The City has not implemented an Informational Technology Disaster Recovery policy. The Debt Service policy does not address continuing disclosure requirements.

Management Response: The City will implement an Informational Technology Disaster Recovery policy. The Debt Service policy will be updated to address continuing disclosure requirements.

2) *Board or Finance Committee*

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

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

- ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Comment: Budget to actual comparisons were only discussed at two meetings throughout the year. There was no discussion on prior year audit findings in meetings that took place after the report had been issued.

Management Response: Budget to actual comparisons are currently discussed after each quarter in our city council meetings. We will continue this practice and discuss prior year audit findings once per month until the finding has been addressed and cleared.

3) ***Bank Reconciliations***

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Comment: One reconciliation tested did not have a signature to indicate review.

Management Response: We will keep a closer eye on this and double check for timely reconciliations.

4) *Collections (excluding electronic funds transfers)*

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Comment: Four of the five deposits tested were not made timely.

Management Response: We will meet with our utility clerks to ensure deposits are done daily. The City Clerk will be accountable for this action.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

10. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the*

main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Comment: No exceptions noted

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

Comment: Three of the five electronic payments tested did not have a signature to indicate who had reviewed the purchase. For all five credit cards selected, statements did not have a signature to indicate they were reviewed by proper personnel. The city was unable to provide two invoices for purchases made by credit card.

Management Response: The Mayor approves all electronic payments. We do have a record of those on our on-line banking portal. We will meet with all employees to ensure credit card receipts are filed properly.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Comment: Employees did not submit receipts for meal charges, which is required by the City's handbook. One reimbursement request lacked approval from appropriate personnel.

Management Response: We will be changing this procedure in our handbook. We actually use the state allotments for meal and travel (mileage) expenses.

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Comment: Of the five contracts tested, one did not have quotes obtained.

Management Response: We have required quotes from vendors in the past and will continue to follow state statutes regarding this process.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.

Comment: No exceptions noted

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- 23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Comment: No exceptions noted

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Comment: The August interest payment was never recorded and had to be inputted by adjusting entry.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Comment: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management"**:

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management

demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Comment: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

26. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Comment: No exceptions noted

We were engaged by the City of Mansfield 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.

Allen, Green & Williamson, LLP

Allen, Green & Williamson, LLP
Monroe, Louisiana
June 30, 2026