
**Industrial Development Board of the
City of Gonzales, Louisiana, Inc.**

Financial Report

May 31, 2023

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

FINANCIAL REPORT

MAY 31, 2023

TABLE OF CONTENTS

<u>INDEPENDENT AUDITORS' REPORT</u>	<u>Page</u>
Independent Auditors' Report	1-3
 <u>REQUIRED SUPPLEMENTARY INFORMATION-PART I</u>	
Management's Discussion and Analysis	4-9
 <u>BASIC FINANCIAL STATEMENTS-PART II</u>	
Government Wide Financial Statements (GWFS)	
Statement of Net Position	10
Statement of Activities	11
 Fund Financial Statements (FFS)	
Balance Sheet - Governmental Fund	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Deficit- Governmental Fund	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Deficit of Governmental Fund to the Statement of Activities	15
Notes to Financial Statements	16-22
 <u>SUPPLEMENTARY INFORMATION-PART III</u>	
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	23
 <u>OTHER REPORTS REQUIRED BY <i>GOVERNMENTAL ACCOUNTING STANDARDS</i></u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25
Schedule of Findings and Responses	26
Summary Schedule of Prior Audit Findings	27



INDEPENDENT AUDITORS' REPORT

To the Members of the Industrial Development Board
Of the City of Gonzales, Louisiana, Inc.

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Industrial Development Board of the City of Gonzales, Louisiana, Inc. as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Gonzales, Louisiana, Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Industrial Development Board of the City of Gonzales, Louisiana, Inc., as of May 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Industrial Development Board of the City of Gonzales, Louisiana, Inc. 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 the aggregate, that raise substantial doubt about the Industrial Development Board of the City of Gonzales, Louisiana, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Industrial Development Board of the City of Gonzales, Louisiana, Inc.'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 Industrial Development Board of the City of Gonzales, Louisiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Industrial Development Board of the City of Gonzales, Louisiana, Inc.'s basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head or chief executive officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2023, on our consideration of the Industrial Development Board of the City of Gonzales, Louisiana, Inc.'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 Industrial Development Board of the City of Gonzales, Louisiana, Inc.'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 Industrial Development Board of the City of Gonzales, Louisiana, Inc.'s internal control over financial reporting and compliance.



Gonzales, Louisiana
September 30, 2023

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2023**

This section of Industrial Development Board of the City of Gonzales, Louisiana, Inc. (the Board)'s annual financial report presents our discussion and analysis of the Board's financial performance during the fiscal year that ended on May 31, 2023.

FINANCIAL HIGHLIGHTS

- The Board's total net position decreased by approximately \$3 million to a deficit of approximately \$42.2 million.
- During the year, the Board's governmental activities expenses were \$2,715,512 more than the \$2,113,937 generated in sales taxes and other revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – required supplementary information-management's discussion and analysis (this section), the basic financial statements, and the supplementary information. The basic financial statements include two kinds of statements that present different views of the Board:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Board's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Board government, reporting the Board's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government operated for the year.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Board's financial statements, including the portion of the Board's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
MAY 31, 2023**

Figure A-1
Major Features of the Board’s Government-Wide and Fund Financial Statements

	Government-wide Statements	Governmental Fund
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund deficit
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payments are due during the year or soon thereafter

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2023**

Government-wide Statements

The government-wide statements report information about the Board as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two government-wide statements report the Board's net position how they have changed. Net position – the difference between the Board's assets and liabilities – is one way to measure the Board's financial health, or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Board you need to consider additional nonfinancial factors such as economic factors affecting sales tax collections.

The government-wide financial statements of the Board consist of the following:

- Governmental activities – most of the Board's basic services are included here, such as construction of the infrastructure and building within the geographic location of the Economic Development District. Sales tax and interest finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's most significant funds – not the Board as a whole. Funds are accounting devices that the Board uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

The Board has one fund classified as a debt service fund:

- Governmental fund – The Board's basic services are included in governmental funds, which focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2023**

FINANCIAL ANALYSIS OF THE BOARD AS A WHOLE

Net position. The Board's net position decreased between fiscal years 2023 and 2022 from a deficit of approximately \$39.5 million to a deficit of approximately \$42.2 million. (See Table A-1)

**Table A-1
Net Position**

	Governmental Activities	
	2023	2022
Current and other assets	\$ 1,167,382	\$ 1,092,181
Nondepreciable capital assets	6,800,014	6,800,014
Capital assets, net	27,834,430	29,126,668
Total assets	35,801,826	37,018,863
Current liabilities	28,416,982	26,918,507
Long term liabilities	49,614,679	49,614,679
Total liabilities	78,031,661	76,533,186
Net position		
Net investment in capital asset	(14,980,235)	(13,687,997)
Unrestricted (deficit)	(27,249,600)	(25,826,326)
Total net position	\$ (42,229,835)	\$ (39,514,323)

Net position of the Board's governmental activities decreased to a deficit of approximately \$42.2 million.

Changes in net position. The Board's total revenues increased by \$106,101 to \$2,113,937 (See Table A-2). For 2023, approximately 85 percent of the Board's revenue comes from sales tax collection and 15 percent comes from payments in lieu of taxes and interest.

Governmental Activities

Revenues for the Board's governmental activities consisted primarily of sales taxes and expenses for the Board's governmental activities consist of interest, depreciation, and payments in lieu of taxes.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2023**

**Table A-2
Changes in Net Position**

	Governmental Activities	
	2023	2022
Revenues		
General Revenues		
Sales taxes	\$ 1,792,234	\$ 1,695,759
Payments in lieu of taxes	312,258	311,985
Interest	9,445	92
Total revenues	2,113,937	2,007,836
Expenses		
Depreciation	1,292,238	1,336,997
Interest	3,224,953	3,224,955
Trustee fees	-	4,500
Payments in lieu of taxes	312,258	311,985
Total expenses	4,829,449	4,878,437
Change in net position	\$ (2,715,512)	\$ (2,870,601)

- The change in net position for the governmental activities this fiscal year decreased \$155,089.

FINANCIAL ANALYSIS OF THE BOARD'S FUNDS

As the Board completed the year, its governmental fund reported a fund deficit of \$26,514,701, an increase in the deficit of approximately 6 percent from last fiscal year.

Debt Service Fund Budgetary Highlights

- Debt Service Funds are not required to adopt budgets under Louisiana Law.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2023**

CAPITAL ASSETS

At the end of 2023, the Board had invested approximately \$35 million in capital assets (See Table A-3). There were no additions in the current year. The decrease of \$1.3 million represents depreciation expense on existing capital assets.

**Table A-3
Board's Capital Assets, net**

	Governmental Activities	
	2023	2022
Land	\$ 6,800,014	\$ 6,800,014
Buildings	23,739,518	24,705,941
Infrastructure	4,094,912	4,388,755
Furniture & equipment	-	31,972
Total	\$ 34,634,444	\$ 35,926,682

DEBT ADMINISTRATION

At the end of 2023, the Board had \$49,614,679 in debt outstanding.

ECONOMIC FACTORS

The Board is dependent on sales tax collections for its revenues. The economy is not expected to generate any significant growth; therefore, sales tax revenues are expected to remain stable for 2024.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Brandon Boylan, 120 South Irma Boulevard, Gonzales, LA 70737.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
STATEMENT OF NET POSITION
MAY 31, 2023

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and investments	\$ 734,981
Sale tax receivables	432,401
Nondepreciable capital assets	6,800,014
Capital assets, net	<u>27,834,430</u>
TOTAL ASSETS	<u>35,801,826</u>
<u>LIABILITIES</u>	
Interest payable	28,416,982
Long-term liabilities:	
Bonds payable	<u>49,614,679</u>
TOTAL LIABILITIES	<u>78,031,661</u>
<u>NET POSITION</u>	
Net investment in capital assets	(14,980,235)
Unrestricted (deficit)	<u>(27,249,600)</u>
TOTAL NET POSITION	<u>\$ (42,229,835)</u>

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

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2023

<u>ACTIVITIES</u>	<u>Expenses</u>	<u>Program Revenues Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Governmental:			
Depreciation	\$ 1,292,238	\$ -	\$ (1,292,238)
Interest	3,224,953	-	(3,224,953)
Payments in lieu of taxes	312,258	-	(312,258)
Total governmental activities	<u>\$ 4,829,449</u>	<u>\$ -</u>	<u>(4,829,449)</u>
General Revenues:			
Sales taxes			1,792,234
Payments in lieu of taxes			312,258
Interest			9,445
Total general revenues			<u>2,113,937</u>
Change in net position			(2,715,512)
Net position - June 1, 2022			<u>(39,514,323)</u>
Net position - May 31, 2023			<u>\$ (42,229,835)</u>

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

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
BALANCE SHEET
GOVERNMENTAL FUND
MAY 31, 2023

	<u>Debt Service Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 734,981
Sales tax receivable	432,401
Total assets	\$ 1,167,382
<u>LIABILITIES</u>	
Interest payable	\$ 27,682,083
Total liabilities	27,682,083
<u>FUND DEFICIT</u>	
Unassigned	(26,514,701)
Total liabilities and fund deficit	\$ 1,167,382

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

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENTS OF NET POSITION
MAY 31, 2023

Total fund deficit - Governmental Fund		\$	(26,514,701)
Cost of capital assets at May 31, 2023	60,449,360		
Less: accumulated depreciation as of May 31, 2023	<u>(25,814,916)</u>		34,634,444
Long-term liabilities applicable to the Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.			
Long-term debt			(49,614,679)
Interest payable			<u>(734,899)</u>
Total net position at May 31, 2023 - Governmental Activities		\$	<u>(42,229,835)</u>

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

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND DEFICIT - GOVERNMENTAL FUND
YEAR ENDED MAY 31, 2023

	Debt Service Fund
<u>REVENUES</u>	
Sales taxes	\$ 1,792,234
Payments in lieu of taxes	312,258
Interest income	9,445
Total revenues	2,113,937
<u>EXPENDITURES</u>	
Current:	
Payments in lieu of taxes	312,258
Debt service:	
Interest expense	3,345,716
Total expenditures	3,657,974
Excess expenditures over revenues	(1,544,037)
Fund Deficit, Beginning of Year	(24,970,664)
Fund Deficit, End of Year	\$ (26,514,701)

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

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND DEFICIT OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
MAY 31, 2023

Net change in fund deficit - Governmental fund	\$	(1,544,037)
The change in net position reported for governmental activities in the statement of activities is different because:		
Capital assets:		
Depreciation expense for the year ended May 31, 2023		(1,292,238)
Long-term debt:		
Difference in the modified accrual basis of accounting and the accrual basis of accounting in recognition of interest expense		120,763
Change in net position of governmental activities	\$	(2,715,512)

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

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The Industrial Development Board of the City of Gonzales, Louisiana, Inc. was created, authorized, and empowered under the laws of the State of Louisiana, including particularly Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:9038.1 to 33:9038.10, inclusive) (the "Tax Incremental Development Act"). The purpose is to provide for the financing of the acquisition, construction and equipping of a Cabela's retail outlet and certain infrastructure located in the District.

The Industrial Development Board of the City of Gonzales, Louisiana, Inc. has entered into a Cooperative Endeavor Agreement with the City of Gonzales, the Gonzales Economic District No. 1, Carlisle Resort, LLC, Cabela's Retail LA, LLC, and the State of Louisiana to provide aspects of the development of the project and the pledge of incremental increases in sales and use taxes receipts to finance the bonds for the development of the project.

The accounting and reporting practices of the Industrial Development Board of the City of Gonzales, Louisiana, Inc., conform to accounting principles generally accepted in the United States of America as applicable to governmental units on a consistent basis between periods.

Financial Reporting Entity - This report includes all funds, which are controlled by, or dependent on the Board. Control by or dependence on the Board was determined on the basis of the taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. Industrial Development Board of the City of Gonzales' board members are appointed by the City of Gonzales, but the City's accountability for the Board does not extend beyond making the appointment.

The following is a summary of certain significant accounting policies:

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the Industrial Development of the City of Gonzales, Louisiana, Inc. These statements include the financial activities of the overall government, except for fiduciary activities. These statements of the overall government. Governmental activities generally are financed through sales taxes.

The statement of activities presents the direct expenses and program revenues for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Fund Financial Statements: The fund financial statements provide information about the Board's governmental funds. The emphasis of fund financial statements is on major governmental fund.

The Board reports the following major governmental funds:

- a. Debt Service Fund – The Debt Service Fund is used to account for the collection of taxes and payment of bonds.

Measurement Focus, Basis of Accounting -

Government-wide. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Sales taxes are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under operating leases are reported as other financing sources and uses.

Related Organizations – The City Council is responsible for appointing the members of the board of the Industrial Development Board of the City of Gonzales, but the City's accountability for this organization does not extend beyond making the appointments.

Cash and investments – Cash includes investments in highly liquid debt instruments with an original maturity of three months or less, excluding amounts whose use is limited by board designation or those amounts with third-party payers.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

<u>Asset Class</u>	<u>Estimates Useful Lives</u>
Infrastructure	25-40
Buildings	30-40
Equipment & furniture	8-15

Government-Wide Net Position– Government-wide net assets displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling litigation.

Unrestricted net position – Consist of all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

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

Fund Equity of Fund Financial Statements – Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – represents balances where constraints have been established by parties outside the Board or imposed by law through constitutional provisions or enabling legislation.

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board.

Assigned – represents balances that are constrained by the government’s intent to be used for specific purposes, but are not restricted or committed.

Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

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

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

2. Capital Assets

Capital Assets and depreciation activity as of and for the year ended May 31, 2023, are as follows:

Governmental activities:

	<u>Land</u>	<u>Building</u>	<u>Infrastructure</u>	<u>Furniture & Equipment</u>	<u>Total</u>
Costs of Capital Assets					
May 31, 2022	\$ 6,800,014	\$ 38,580,021	\$ 8,621,418	\$ 6,447,907	\$60,449,360
Additions	-	-	-	-	-
Costs of Capital Assets					
May 31, 2023	<u>6,800,014</u>	<u>38,580,021</u>	<u>8,621,418</u>	<u>6,447,907</u>	<u>60,449,360</u>
Accumulated depreciation					
May 31, 2022	-	13,874,080	4,232,663	6,415,935	24,522,678
Additions	-	966,423	293,843	31,972	1,292,238
Accumulated depreciation					
May 31, 2023	-	<u>14,840,503</u>	<u>4,526,506</u>	<u>6,447,907</u>	<u>25,814,916</u>
Capital assets, net of accumulated depreciation at					
May 31, 2023	<u>\$ 6,800,014</u>	<u>\$ 23,739,518</u>	<u>\$ 4,094,912</u>	<u>\$ -</u>	<u>\$34,634,444</u>

For the year ended May 31, 2023, depreciation expense was \$1,292,238.

3. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. Cash balance consists of a Hancock Horizon Government Money Market account.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

4. Cash and Investments

Statutes authorize the Board to invest in United States bonds, treasury notes or certificates, time certificates of deposit of Louisiana state banks and national banks having the principal office in the State of Louisiana, or any other federally insured investment.

As of May 31, 2023, the Board had the following investments and maturities.

INVESTMENT MATURITIES (IN YEARS)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>
Federated Hermes Government Obligations Fund	\$ 734,981	\$ 734,981

Interest Rate Risk

The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in securities issued, or backed by the United States Treasury obligations, U.S. Government instrumentalities, which are federally sponsored. The Board does not have an investment policy that would further limit its investment choices. As of May 31, 2023, the Board's investment in Federated Hermes Government Obligations Fund was rated AAA by Standard & Poor's.

5. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Industrial Development Board of the City of Gonzales for the year ended May 31, 2023:

Governmental Activities:

Bonds Payable

Bonds payable May 31, 2022	\$ 49,614,679
Debt Issued	-
Principal Retirement	-
Bonds payable May 31, 2023	<u>\$ 49,614,679</u>

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

5. Changes in Long-Term Debt (continued)

Debts payable at May 31, 2023, are comprised of the following individual issues:

\$42,350,000 Tax Incremental Taxable Revenue Bond, Series 2007A dated November 10, 2008, with a maturity date December 1, 2037; interest at 6.50%, secured by sales taxes.	\$ 42,150,084
\$14,500,000 Tax Incremental Taxable Revenue Bond, Series 2007B dated June 1, 2008, with a maturity date December 1, 2037; interest 6.50%, secured by sales taxes.	<u>7,464,595</u>
	<u>\$ 49,614,679</u>

6. Current Portion of Long-Term Debt

The bond indenture requires sales tax revenue to be applied to accrued interest before any principal payments on the bonds without an amortization schedule. Historically, sales tax revenue has not been enough to pay the interest on the bonds; therefore, there is no current portion of long-term debt in the current year. Likewise, no future payment of debt service is presented because of this uncertainty.

7. Events of Default and Remedies

The Board has not received enough sales tax revenue to pay the principal and interest on the Bonds when they become due and payable. This is an Event of Default under Section 8.2 of the Trust Indenture. However, this section also states that if the Tax Collector timely advances the Monthly Pledged Local Increment and the Louisiana Department of Revenue timely advances the Monthly Pledged State Increment to the Trustee in accordance with the Cooperative Endeavor Agreement and the Trust Indenture, and the Monthly Pledged Local Increment and Monthly Pledged State Increment so transferred are not sufficient for the payment due and payable, then an Event of Default shall not be deemed to have occurred.

Upon the occurrence of an Event of Default, the Trustee upon the written request of the owners of less than a majority of the aggregate principal amount of Bonds outstanding shall, by notice in writing to the Issuer, declare the Bonds then outstanding immediately due and payable. As of September 30, 2023, the Board has not received a written request that the Bonds are immediately due and payable.

8. Deficit Fund Balance

The Board's only source of revenue is the sales tax collected within the District and the only expenses are paying the debt service of the bonds.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

9. Sales and Use Tax

The Board receives 1.5 cents of the City of Gonzales, Louisiana's 2 cent sales tax collected within the geographic area designated as the Gonzales Economic District Number 1.

The State of Louisiana contributes 1.5 cents sales tax from its portion generated within the District up to a maximum of \$10,500,000. As of May 31, 2023, the State of Louisiana's total sales tax contributed totaled \$9,954,049.

10. Subsequent Events

Management has evaluated subsequent events through September 30, 2023, the date that the financial statements were available to be issued, noting no subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
MAY 31, 2023

Agency Head Name/Title: Barney Arceneaux, Mayor of City of Gonzales

Purpose	Amount
Salary	\$ -
Benefits – health insurance	-
Benefits – retirement	-
Clothing allowance	-
Per diems	-
Travel	-
Conference travel	-
	<hr/>
	\$ -



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

To the Members of the Industrial Development Board
Of the City of Gonzales, Louisiana, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund information of the Industrial Development Board of the City of Gonzales, Louisiana, Inc. as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the Industrial Development Board of the City of Gonzales, Louisiana, Inc.'s basic financial statements, and have issued our report thereon dated September 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Industrial Development Board of the City of Gonzales, Louisiana Inc.'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 Industrial Development Board of the City of Gonzales, Louisiana Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Industrial Development Board of the City of Gonzales, Louisiana Inc.'s internal control.

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

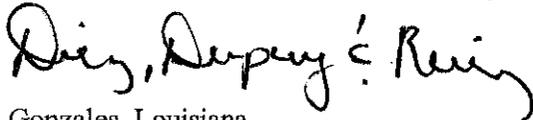
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Industrial Development Board of the City of Gonzales, Louisiana Inc.'s financial statements are free of 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Gonzales, Louisiana
September 30, 2023

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED MAY 31, 2023**

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of the Industrial Development Board of the City of Gonzales, Louisiana, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were noted.
3. No instances of noncompliance material to the financial statement of Industrial Development Board of the City of Gonzales, Louisiana, Inc. which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS – COMPLIANCE

None

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MAY 31, 2023**

A. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

B. FINDINGS – COMPLIANCE

None

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF GONZALES

GONZALES, LOUISIANA

STATEWIDE AGREED UPON PROCEDURES

MAY 31, 2023



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

To the Members of the Industrial Development Board, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City of Gonzales-Industrial Development Board (the Board) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period June 1, 2022 through May 31, 2023. The Board's management is responsible for those C/C areas identified in the SAUPs.

City of Gonzales-Industrial Development Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period June 1, 2022 through May 31, 2023. 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*

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
Not applicable. The entity has a debt service fund only; therefore, is not required to adopt a budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
Not applicable. The entity does not make purchasing transactions.
 - iii. **Disbursements**, including processing, reviewing, and approving.
Written policies and procedures were obtained and address the functions noted above.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Not applicable. The entity does not collect cash, checks, or money orders directly. Collections are collected by a third party.

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

Not applicable. The entity does not have employees.

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

Not applicable. The entity does not have any contracts with vendors.

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

Not applicable. The entity does not reimburse for travel or related expenses.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met with a quorum in accordance with the board's enabling bylaws.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, 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.*

Not applicable. The board does not have a general fund or major special revenue fund.

- 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.

Not applicable. There is no 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.

Not applicable. There were no audit findings noted in the prior year audit report.

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:

Not applicable. The board does not have a bank account.

- 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 (e.g., initialed and dated, 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.

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).

Not applicable. The board does not collect cash, checks, or money orders.

- 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 agency 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.

Not applicable. The board does not collect cash, checks, or money orders.

- 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:

Not applicable. The board does not collect cash, checks, or money orders.

- 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.

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

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

representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

- 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.

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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.

Not applicable. The board does not have credit cards, debit cards, fuel cards, or p-cards.

- 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

Not applicable. The board does not have credit cards, debit cards, fuel cards, or p-cards.

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (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 #7B 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.

Not applicable. The board does not have credit cards, debit cards, fuel cards, or p-cards.

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

Not applicable. The board does not have travel and travel-related expense reimbursements.

- 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 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.

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

Not applicable. The board does not have contracts/agreements for professional services, materials and supplies, leases, or construction activities.

- 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.

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.

Not applicable. The board does not have employees.

- 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

Not applicable. The board does not have employees.

- 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.

Not applicable. The board does not have employees.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums,

garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Not applicable. The board does not have employees.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

i. 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

The board did not have documentation demonstrating one hour of ethics training during the calendar year for 3 out of the 5 officials reviewed.

Management response: The board will ensure that all board members will complete the required one hour of ethics training for the upcoming calendar year.

ii. 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.

The board did not have documentation to support that each official was notified of any changes to the entity's ethics policy during the fiscal year.

Management response: The board will attest through signature verification that he or she notified of any changes to the entity's ethic policy for the 2024 fiscal year.

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

The board has not appointed an ethics designee as required by R.S. 42:1170.

Management response: The board will appoint an ethics designee for the fiscal year 2024.

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.

Not applicable.

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).

Obtained listing of bonds/notes outstanding and management's representation that listing was complete. Documentation obtained supported the actual reserve balances and payment agreed to those required by debt covenants without exception.

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.

Management asserted that the entity did not have any misappropriations of public funds or assets.

- 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.

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

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

- i. 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.

We performed the procedure and discussed the results with management.

- ii. 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.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. 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.

The board did not have documentation to support for 2 out of the 5 officials completing one hour of sexual harassment training during the calendar year.

Management response: The board ensure that all officials will complete one hour of sexual harassment training for the 2024 calendar year.

- B. 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).

No exceptions noted.

- C. 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:

The board did not prepare the annual sexual harassment report the current fiscal year as required of R. S. 42:344.

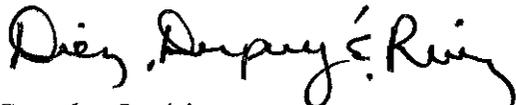
Management response: The board will prepare the annual sexual harassment report the 2024 fiscal year as required of R.S. 42:344.

- 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.

We were engaged by City of Gonzales-Industrial Development Board 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 City of Gonzales-Industrial Development Board 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.

A handwritten signature in black ink, reading "Diego Dupuy E. Ruiz". The signature is written in a cursive style with a large initial 'D' and a long, sweeping underline.

Gonzales, Louisiana
September 30, 2023