



October 24, 2025

Honorable Mayor David McDavid  
and Members of the City of Zachary Council  
Zachary, Louisiana

Re: Resubmission of Revised Supplementary Schedule for the Fiscal  
Year Ended 6/30/2024

We hereby resubmit the Revised Supplementary Schedule of the City of Zachary (the City) as of and for the year ended June 30, 2024. Subsequent to submission, it was discovered that the mayor's compensation was inflated in the accompanying supplementary schedule to the audited financial statements as of 6/30/2024. This matter was discovered by the City of Zachary in preparation for the fiscal year 2025 audit engagement.

See Exhibit C-2 of the Financial Statements for the revised Schedule of Compensation and Benefits and Other Payments to Agency Head.

Finally, our in-relation opinion on supplementary information has not been modified from our opinion on the previously issued financial statements and in-relation opinion on supplementary activity.

Sincerely,

*Faulk & Winkler, LLC*

Faulk & Winkler, LLC

**CITY OF ZACHARY, LOUISIANA**

**FINANCIAL STATEMENTS**

June 30, 2024

# CITY OF ZACHARY, LOUISIANA

## TABLE OF CONTENTS

June 30, 2024

	<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		1
Management's Discussion and Analysis		5
<b>Basic Financial Statements:</b>		
Government-wide Financial Statements:		
Statement of Net Position	A	15
Statement of Activities	A-1	16
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	A-2	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	A-3	18
Statement of Revenues, Expenditures, and Changes in Fund Balance	A-4	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	A-5	20
Proprietary Fund:		
Statement of Net Position	A-6	21
Statement of Revenues, Expenditures, and Changes in Net Position	A-7	22
Statement of Cash Flows	A-8	23
Notes to Financial Statements	A-9	24
<b>Required Supplementary Information:</b>		
<b>Major Fund Budgetary Comparison Schedules:</b>		
General Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B	74
Special Revenue Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B-1	75

<b>TABLE OF CONTENTS (Continued)</b>	<b><u>Exhibit</u></b>	<b><u>Page</u></b>
Schedule of Changes in Net OPEB Liability and Related Ratios	B-2	76
Schedule of Proportionate Share of Net Pension Liability	B-3	77
Schedule of Pension Contributions	B-4	78
Notes to Required Supplementary Information	B-5	79
<b>Supplementary Information:</b>		
General Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual by Department	C	82
Proprietary Fund:		
Schedule of Operating Expenditures - Budget (GAAP Basis) and Actual by Department	C-1	94
Schedule of Compensation and Benefits and Other Payments to Agency Head	C-2	99
Justice System Funding Schedule – Collecting/Disbursing Entity As Required by Act 87 of the 2020 Regular Legislative Session	C-3	100
<b>Performance and Statistical Data (Unaudited):</b>		
Schedule of Insurance in Force	D	101
Schedule of Utility Statistics	D-1	102
<b>OTHER INDEPENDENT AUDITORS' REPORTS</b>		
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>		103
Schedule of Findings and Recommendations		105
Summary of Prior Year Findings and Recommendations		106
Independent Auditors' Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CFLFRF) Requirements for an Alternative CSLFRF Compliance Examination		107

**INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and  
Members of the City Council  
City of Zachary, Louisiana

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit (City Court of Zachary), and the aggregate remaining fund information of the **CITY OF ZACHARY, LOUISIANA (CITY)**, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, the discretely presented component unit (City Court of Zachary), and the aggregate remaining fund information of the City as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

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

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison information, schedule of changes in OPEB liability and related ratios, schedule of proportionate share of net pension liability, schedule of pension contributions, and notes to the required supplementary information on pages 5 through 14 and 74 through 81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing in the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The General Fund's schedule of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual by department, the Utility Fund's schedule of operating expenditures - budget (GAAP basis) and actual by department, the schedule of compensation, and benefits and other payments to agency head, and the Act 87 justice system funding schedule - collecting/disbursing entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and 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 General Fund's schedule of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual by department, the Utility Fund's schedule of operating expenditures - budget (GAAP basis) and actual by department, the schedule of compensation, and benefits and other payments to agency head, and the Act 87 justice system funding schedule - collecting/disbursing entity are 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 presented to supplement the basic financial statements. The other information comprises the schedule of insurance in force and the schedule of utility statistics but does not include the basic financial statements and our auditors' 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 issued our report dated December 17, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana

December 17, 2024, except for the Schedule of Compensation and Benefits and Other Payments to Agency Head, which is as of October 24, 2025

# **CITY OF ZACHARY, LOUISIANA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our analysis of the City of Zachary's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities and currently known facts, and should be read in conjunction with the financial statements which begin on Exhibit A.

### **FINANCIAL HIGHLIGHTS**

In 2024, the City's government-wide activities experienced a decrease in revenues of 4% compared to the prior year, while expenses increased 8% from the prior year due to increases in public safety and streets functional expenditures. The decrease in revenue is largely due to the intergovernmental grant revenues that were recognized in the prior year. The City's revenue is largely made up of taxes and intergovernmental grant revenues, as well as charges for services and commissions. The City received sales tax of \$16.6 million in 2024 compared to \$17.7 million received in 2023. The City recognized intergovernmental grants and contributions of \$4.9 million in 2024 compared to \$8.9 million received in 2023. Additionally, City has put a focus on street and infrastructure improvements projects in recent years.

The major financial highlights for 2024 are as follows:

- Assets of the City's primary government exceeded its liabilities at the end of the year by \$69.8 million (net position). Net position includes \$80.8 million that is invested in capital assets, net of related debt liabilities.
- The primary government's total net position increased by \$4.2 million during 2024 compared to an increase of \$8.4 million during 2024 as a result of a decrease in intergovernmental grant funding recognized.
- At year end, the City's governmental funds reported fund balances of \$31.7 million, a decrease of approximately \$4.3 million in comparison to an increase in governmental fund balance of \$8.8 million during 2023.

Significant aspects of the City's financial well-being, for the year ended June 30, 2024, are detailed throughout this analysis.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 and 16) provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

Fund financial statements start on page 17. For governmental funds, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

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

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

Our analysis of the City as a whole begins on page 15. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way to determine if the City is in better condition as a result of the year's financial results. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

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

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

**Governmental activities** - The City's basic services are reported here, including public safety, streets, sanitation, recreation, and general administration. Sales and ad valorem taxes and intergovernmental grants and contributions finance the majority of these activities.

At June 30, 2024, the City's governmental activities net position was \$53.5 million, of which \$56.3 million is invested in capital assets, net of related debt liabilities. Restricted net position is normally reported separately to show legal constraints from debt covenants and/or enabling legislation that limits the City's ability to use that net position for day-to-day operations. The City's restricted net position of its governmental activities was \$13.7 million as of June 30, 2024.

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

At June 30, 2024, the City's net position was \$16.2 million, of which \$25.7 million is invested in capital assets, net of related debt liabilities.

Additionally, the City reports one component unit, the City Court. The City Court is not considered to be a division of the primary government of the City, but is reported as a component unit of the City. The City Court receives majority of its revenues from charges for services related to judicial activities.

At June 30, 2024, the City's net position was \$79,000, of which \$83,000 is invested in capital assets. The City Court does not have any debt besides its net pension liability.

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

City of Zachary, Louisiana  
Statement of Net Position  
June 30, 2024 and 2023  
(in thousands)

	Governmental Activities		Business-type Activities		City Court Activities		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 34,938	\$ 40,476	\$ 6,437	\$ 6,739	\$ 223	\$ 158	\$ 41,598	\$ 47,373
Capital assets	68,667	60,703	34,841	32,358	83	-	103,591	93,061
Total assets	103,605	101,179	41,278	39,097	306	158	145,189	140,434
Deferred outflows	6,761	8,917	957	1,050	148	133	7,866	10,100
Current and other liabilities	4,559	5,678	13,804	11,419	3	-	18,366	17,097
Long-term liabilities	48,130	48,943	12,212	13,204	285	255	60,627	62,402
Total liabilities	52,689	54,621	26,016	24,623	288	255	78,993	79,499
Deferred inflows	4,146	5,249	57	161	87	100	4,290	5,510
Net position:								
Net investment in capital assets	55,085	46,270	25,613	22,446	83	-	80,781	68,716
Restricted	13,738	21,295	1,641	839	-	-	15,379	22,134
Unrestricted	(15,292)	(17,339)	(11,092)	(7,922)	(4)	(64)	(26,388)	(25,325)
Total net position	\$ 53,531	\$ 50,226	\$ 16,162	\$ 15,363	\$ 79	\$ (64)	\$ 69,772	\$ 65,525

Net position of the City's governmental activities increased by approximately \$3.3 million during 2024. Governmental unrestricted net position, which increased by \$2.0 million, represents the portion of the City's resources that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The increase in net position of governmental activities is primarily attributable to the receipt of various intergovernmental grants related to streets, public safety and general governmental activities.

(continued)

The results of the past two years' operations for the primary government as a whole and the component unit, as reported in the Statement of Activities, are as follows:

City of Zachary, Louisiana  
Changes in Net Position  
For the years ended June 30, 2024 and 2023  
(in thousands)

	Governmental Activities		Business-type Activities		City Court Activities		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>								
Program revenues								
Charges for services	\$ 3,599	\$ 3,240	\$ 8,646	\$ 8,367	\$ 1,042	\$ 879	\$ 13,287	\$ 12,486
Operating grants & contributions	3,080	8,905	-	-	85	-	3,165	8,905
Capital grants & contributions	1,860	-	1,942	289	-	-	3,802	289
General revenues:								
Sales taxes	16,603	17,707	-	55	-	-	16,603	17,762
Ad valorem taxes	1,195	-	-	-	-	-	1,195	-
Occupancy	355	-	-	-	-	-	355	-
Commissions	1,707	1,899	-	-	-	-	1,707	1,899
Interest income	370	42	72	31	-	-	442	73
Gain on sale of capital assets	131	-	37	-	-	-	168	-
Pension revenue and other	777	1,522	62	5	16	-	855	1,527
<b>Total revenues</b>	<b>29,677</b>	<b>33,315</b>	<b>10,759</b>	<b>8,747</b>	<b>1,143</b>	<b>879</b>	<b>41,579</b>	<b>42,941</b>
<b>Functions/Program Expenses:</b>								
General government	6,927	7,900	-	-	-	-	6,927	7,900
Public safety	12,334	10,635	-	-	-	-	12,334	10,635
Streets	3,862	2,909	-	-	-	-	3,862	2,909
Sanitation	2,073	1,946	-	-	-	-	2,073	1,946
Recreation	478	-	-	-	-	-	478	-
Debt service	698	490	-	-	-	-	698	490
Utilities	-	-	9,960	9,838	-	-	9,960	9,838
Judicial services	-	-	-	-	1,000	806	1,000	806
<b>Total expenses</b>	<b>26,372</b>	<b>23,880</b>	<b>9,960</b>	<b>9,838</b>	<b>1,000</b>	<b>806</b>	<b>37,332</b>	<b>34,524</b>
Change in net position	3,305	9,435	799	(1,091)	143	73	4,247	8,417
Beginning net position	50,226	40,791	15,363	16,454	(64)	(137)	65,525	57,108
Ending net position	\$ 53,531	\$ 50,226	\$ 16,162	\$ 15,363	\$ 79	\$ (64)	\$ 69,772	\$ 65,525

The increase in net position of \$4.1 million for the primary government is primarily attributed to an increase in revenues related to intergovernmental capital grants and contributions. Expenditures in public safety and streets expenditures increased through the year due to the City recognizing a demand in the need for these types governmental services.

### **Fund Financial Statements**

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

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

The City's major funds begin on page 17 with the fund financial statements that provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, the City Council establishes other funds to control and manage financial resources for particular purposes or meeting legal responsibilities for using certain taxes, grants, and other assets. The City's two kinds of funds, governmental and proprietary, use different accounting basis.

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Most of the City's basic services are reported in governmental funds. These funds use the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps 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 to the financial statements. The basic governmental funds (Exhibits A-2 and A-4) presentation is presented using modified accrual basis and focuses on the City's three major funds and the nonmajor debt service fund.

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

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-9.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the City's major funds, the major fund budgetary comparison schedules, schedule of changes in net OPEB liability and related ratios, schedules of proportionate shares of net pension liability and

pension contributions, and notes to required supplementary information. See Exhibit B through B-5.

Certain supplementary financial information not required by *Governmental Accounting Standards* can be found in Exhibits C through C-3. These schedules are included for additional information and analysis and do not constitute a part of the basic financial statements.

### **Financial Analysis of the Governmental Funds**

The governmental operations of the City are accounted for in the General Fund, Streets Improvement Fund, Debt Service Fund – Streets, and the Nonmajor Debt Service Fund, the Hotel Tax Fund. The focus of these funds, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements.

The following is a summary of general governmental operations for 2024 and 2023 by governmental fund, is as follows:

	(in thousands)				
	2024				
	General Fund	Streets Improvement Fund	Debt Service Fund - Streets	Nonmajor Debt Service Fund - Hotel	Totals
Revenues & other financing sources	\$ 22,996	\$ 2,009	\$ 4,707	\$ 227	\$ 29,939
Expenditures & other financing uses	28,219	5,035	881	122	34,257
Surplus (deficit)	(5,223)	(3,026)	3,826	105	(4,318)
Fund balance, July 1, 2023	23,102	(8,461)	19,497	1,797	35,935
Fund balance, June 30, 2024	<u>\$ 17,879</u>	<u>\$ (11,487)</u>	<u>\$ 23,323</u>	<u>\$ 1,902</u>	<u>\$ 31,617</u>

  

	(in thousands)				
	2023				
	General Fund	Streets Improvement Fund	Debt Service - Streets	Nonmajor Debt Service - Hotel	Totals
Revenue & other financing sources	\$ 31,850	\$ 4,507	\$ 5,305	\$ 244	\$ 41,906
Expenditures & other financing uses	22,072	4,106	864	122	27,164
Surplus	9,778	401	4,441	122	14,742
Fund balance, July 1, 2022	13,324	(8,862)	15,056	1,675	21,193
Fund balance, June 30, 2023	<u>\$ 23,102</u>	<u>\$ (8,461)</u>	<u>\$ 19,497</u>	<u>\$ 1,797</u>	<u>\$ 35,935</u>

The City's governmental funds experienced a deficit change in fund balance of \$4.3 million during 2024. At year end, fund balances were \$31.6 million, of which \$17.8 million is unrestricted and available for utilization at the City's discretion. The remaining fund balance has been restricted (\$13.8 million) where internal constraints have been established by the City.

At June 30, 2024, the fund balance of the General Fund was \$17.9 million compared to the fund balance of \$23.1 million at June 30, 2024. The General Fund's overall expenditures increased by \$6.1 million in 2024 directly due to capital outlay expenditures of \$8.2 million related to the construction of a new police department headquarters and purchases of various machinery and equipment items.

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

Source of Revenue	(in thousands)			
	2024		2023	
	Revenues	Percent	Revenues	Percent
Taxes	\$ 18,153	62	\$ 17,707	53
Intergovernmental	4,940	17	8,906	27
Charges for services	1,916	7	2,260	7
Commissions	1,707	6	1,899	6
Fines	347	1	270	1
Licenses and permits	628	2	710	2
Miscellaneous	1,371	5	1,108	4
Total	<u>\$ 29,062</u>	<u>100</u>	<u>\$ 32,860</u>	<u>100</u>

Revenues of the governmental funds decreased by \$3.8 million. This decrease is directly attributable to large amounts of grants and contributions received in the prior year.

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

Function	(in thousands)			
	2024		2023	
	Expenditures	Percent	Expenditures	Percent
General government	\$ 3,413	10	\$ 4,896	19
Court	535	2	555	2
Public safety	10,915	32	12,746	51
Streets	2,298	7	4,938	20
Sanitation	2,073	6	1,946	8
Recreation	478	1	-	-
Debt service	2,226	6	119	-
Capital outlay	12,319	36	-	-
<b>Total</b>	<b>\$ 34,257</b>	<b>100</b>	<b>\$ 25,200</b>	<b>100</b>

Governmental expenditures increased by \$9.1 million, or 36%. This increase is directly attributable to an increase in capital outlay expenditures during 2024 related to construction of a new police department headquarters and purchases of various machinery and equipment items, as previously noted.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year the City’s General Fund operating budget was amended, which is a customary practice of the City, to reflect the changes that occur with financial related matters throughout the fiscal year. The most significant changes during 2024 were as follows:

- Increase in sales and use tax revenues by \$445,000,
- Increase in intergovernmental revenues by \$117,000,
- Decrease in charges for services by \$212,000,
- Increase in fines of \$100,000,
- Increase in general governmental expenditures of \$174,000,
- Decrease in court expenditures of \$106,000,
- Increase in public safety expenditures of \$151,000, and
- Increase in streets expenditures of \$106,000.

With these adjustments, the amended budgeted change in fund balance was \$8,308,300 less than the original budgeted change in fund balance of \$8,574,800.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the completion of the fiscal year ended June 30, 2024, the City had \$165.4 million invested in capital assets, net of accumulated depreciation of \$61.8 million, which was comprised of construction in progress, land, buildings, equipment, vehicles, and infrastructure.

	(in thousands)							
	Governmental Activities		Business-type Activities		City Court Activities		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Land	\$ 3,453	\$ 3,427	\$ 380	\$ 380	\$ -	\$ -	\$ 3,833	\$ 3,807
Construction in progress	666	429	7,315	3,346	-	-	7,981	3,775
Infrastructure	44,465	42,875	-	-	-	-	44,465	42,875
Buildings	13,350	6,506	26,031	27,576	-	-	39,381	34,082
Equipment	5,350	6,155	469	576	83	-	5,902	6,731
Bond issue costs	-	90	-	-	-	-	-	90
Right-of-use assets	105	1,027	646	480	-	-	751	1,507
Subscription assets	1,278	194	-	-	-	-	1,278	194
Total assets, net of depreciation and amortization	<u>\$ 68,667</u>	<u>\$ 60,703</u>	<u>\$ 34,841</u>	<u>\$ 32,358</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ 103,591</u>	<u>\$ 93,061</u>

More detailed information about the City's capital assets is presented in Note 6 and 7 to the financial statements.

### Long-term Liabilities

As of June 30, 2024, the City's long-term liabilities are comprised of the following:

	Governmental Activities				
	Balance as of 6/30/2023	Additions	Deductions	Balance as of 6/30/2024	Amount Due Within One Year
Net pension liability	\$ 15,945,949	\$ 1,740,515	\$ 1,908,888	\$ 15,777,576	\$ -
OPEB liability	18,538,885	815,894	584,602	18,770,177	-
Lease payable	1,052,530	748,476	462,241	1,338,765	416,283
Subscription liability	170,528	-	85,045	85,483	85,483
Compensated absences	1,162,373	352,192	276,549	1,238,016	-
Public street bonds	4,805,000	-	715,000	4,090,000	750,000
Hotel occupancy tax bonds	435,000	-	105,000	330,000	105,000
Certificate of indebtedness	7,970,291	-	232,527	7,737,764	246,010
Total governmental activities	<u>\$ 50,080,556</u>	<u>\$ 3,657,077</u>	<u>\$ 4,369,852</u>	<u>\$ 49,367,781</u>	<u>\$ 1,602,776</u>

	Business-Type Activities				
	Balance as of 6/30/2023	Additions	Deductions	Balance as of 6/30/2024	Amount Due Within One Year
Net pension liability	\$ 3,189,979	-	\$ 205,521	\$ 2,984,458	-
Lease payable	493,992	438,175	254,527	677,640	177,035
Compensated absences	102,381	46,785	25,673	123,493	-
DEQ loans	8,786,000	-	733,000	8,053,000	739,000
Loan agreement	631,812	-	134,800	497,012	141,100
Total business-type activities	<u>\$ 13,204,164</u>	<u>\$ 484,960</u>	<u>\$ 1,353,521</u>	<u>\$ 12,335,603</u>	<u>\$ 1,057,135</u>

More detailed information about the City's long-term liabilities is presented in Note 10, 11 and 12 to the financial statements.

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

The City's elected and appointed officials considered many factors when setting the fiscal year 2024 budget and tax rates, including the national, state, and local economies. The General Fund's revenue is budgeted to increase by 4.2% to \$20.7 million from the final 2024 budget of \$19.9 million primarily due to a budgeted decrease in intergovernmental grants and contributions. The City also anticipates tax revenue to increase by \$711,000 and charges for services to increase by \$366,000.

For the 2025 fiscal year, expenditures are expected to increase by 5.4% to \$20.7 million with the most significant increases budgeted in the public safety related functions. Police department expenditures are expected to increase by \$393,000 and fire services expenditures are expected to increase by \$276,000. The administration of the City has also made it a priority to continue street improvements and infrastructure projects to help guide the City's development with good, sound decisions.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Chief Financial Officer at (225) 654-0287 or 4700 Main St, Zachary, Louisiana, 70791.

**CITY OF ZACHARY, LOUISIANA**  
**BASIC FINANCIAL STATEMENTS**

**CITY OF ZACHARY, LOUISIANA**  
**STATEMENT OF NET POSITION**

June 30, 2024

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,832,118	\$ 1,321,190	\$ 16,153,308	\$ 223,101
Certificates of deposit	5,146,958	-	5,146,958	-
Receivables:				
Accounts, net	437,318	1,212,011	1,649,329	-
Sales tax	2,409,266	244,851	2,654,117	-
Other	984,965	-	984,965	-
Internal balances	11,020,836	(11,020,836)	-	-
Inventory	-	229,159	229,159	-
Prepaid and other assets	106,197	202,704	308,901	-
Restricted assets:				
Customer utility deposits:				
Cash and cash equivalents	-	616,538	616,538	-
Certificate of deposit	-	1,000,000	1,000,000	-
Debt service:				
Cash and cash equivalents	-	1,610,199	1,610,199	-
Capital assets:				
Nondepreciable	4,119,587	7,695,118	11,814,705	-
Depreciable, net	63,163,777	26,500,028	89,663,805	82,725
Subscription assets, net	105,701	-	105,701	-
Lease assets, net	1,278,051	645,826	1,923,877	-
<b>Total assets</b>	<b>103,604,774</b>	<b>30,256,788</b>	<b>133,861,562</b>	<b>305,826</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Other post-employment benefits	455,775	-	455,775	-
Pension liability	6,304,883	957,367	7,262,250	148,079
<b>Total assets and deferred outflows of resources</b>	<b>\$ 110,365,432</b>	<b>\$ 31,214,155</b>	<b>\$ 141,579,587</b>	<b>\$ 453,905</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,265,106	\$ 442,455	\$ 1,707,561	\$ 3,245
Accrued expenses	395,474	631,638	1,027,112	-
Unearned revenue	1,660,490	-	1,660,490	-
Compensated absences	1,238,016	123,493	1,361,509	-
Customer utility deposits	-	1,585,286	1,585,286	-
Long-term liabilities - due within one year	1,602,776	1,057,135	2,659,911	-
Long-term liabilities - non-current	46,526,989	11,154,975	57,681,964	284,877
<b>Total liabilities</b>	<b>52,688,851</b>	<b>14,994,982</b>	<b>67,683,833</b>	<b>288,122</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Other post-employment benefits	3,860,400	-	3,860,400	-
Pension liability	285,260	57,028	342,288	87,187
<b>Total liabilities and deferred inflows of resources</b>	<b>56,834,511</b>	<b>15,052,010</b>	<b>71,886,521</b>	<b>375,309</b>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	56,320,380	25,489,827	81,810,207	82,725
Nonspendable	106,197	202,704	308,901	-
Restricted	13,738,031	1,641,451	15,379,482	-
Unrestricted	(16,633,687)	(11,171,837)	(27,805,524)	(4,129)
<b>Total net position (deficit)</b>	<b>53,530,921</b>	<b>16,162,145</b>	<b>69,693,066</b>	<b>78,596</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 110,365,432</b>	<b>\$ 31,214,155</b>	<b>\$ 141,579,587</b>	<b>\$ 453,905</b>

Notes on Exhibit A-9 are an integral part of this statement.

## CITY OF ZACHARY, LOUISIANA

## STATEMENT OF ACTIVITIES

For the year ended June 30, 2024

Functions/Programs	Program Revenues				Net Revenue (Expenses) and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 6,926,803	\$ 628,112	\$ 2,250,613	\$ -	\$ (4,048,078)	\$ -	\$ (4,048,078)	\$ -
Streets	3,861,958	-	137,391	1,831,237	(1,893,330)	-	(1,893,330)	-
Public safety	12,334,207	842,427	691,773	28,993	(10,771,014)	-	(10,771,014)	-
Sanitation	2,073,352	1,915,531	-	-	(157,821)	-	(157,821)	-
Recreation	478,092	213,383	-	-	(264,709)	-	(264,709)	-
Interest	697,519	-	-	-	(697,519)	-	(697,519)	-
Total governmental activities	26,371,931	3,599,453	3,079,777	1,860,230	(17,832,471)	-	(17,832,471)	-
Business-type activities:								
Utility operations	9,959,579	8,645,952	-	1,942,194	-	628,567	628,567	-
Total primary government	\$ 36,331,510	\$ 12,245,405	\$ 3,079,777	\$ 3,802,424	(17,832,471)	628,567	(17,203,904)	-
Component unit:								
Judicial services	\$ 1,000,638	\$ 1,042,489	\$ 84,679	\$ -	-	-	-	126,530
General revenues:								
Taxes:								
Sales					16,602,611	-	16,602,611	-
Ad valorem					1,195,229	-	1,195,229	-
Occupancy					355,082	-	355,082	-
Commissions					1,706,666	-	1,706,666	-
Interest income					370,132	72,116	442,248	-
Gain on sale of capital assets					130,882	36,541	167,423	-
Pension revenue and other					776,832	61,428	838,260	16,041
Total general revenues					21,137,434	170,085	21,307,519	16,041
Change in net position					3,304,963	798,652	4,103,615	142,571
Net position - beginning of year					50,225,958	15,363,493	65,589,451	(63,975)
Net position - end of year					\$ 53,530,921	\$ 16,162,145	\$ 69,693,066	\$ 78,596

Notes on Exhibit A-9 are an integral part of this statement.

## CITY OF ZACHARY, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2024

	Major Funds			Non-Major Fund	Total Governmental Funds
	General Fund	Streets Improvement Fund	Debt Service - Streets Fund	Debt Service - Hotel Tax Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,523,742	\$ -	\$ 7,681,059	\$ 627,317	\$ 14,832,118
Certificates of deposit	-	-	5,146,958	-	5,146,958
Sales tax receivable	1,618,400	-	748,002	42,864	2,409,266
Accounts receivable	437,318	-	-	-	437,318
Other receivables	984,965	-	-	-	984,965
Prepays	106,197	-	-	-	106,197
Due from other funds	11,203,776	-	9,747,162	1,232,209	22,183,147
Total assets	<u>\$ 20,874,398</u>	<u>\$ -</u>	<u>\$ 23,323,181</u>	<u>\$ 1,902,390</u>	<u>\$ 46,099,969</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 939,877	\$ 325,229	\$ -	\$ -	\$ 1,265,106
Accrued expenses	395,474	-	-	-	395,474
Unearned revenue	1,660,490	-	-	-	1,660,490
Due to other funds	-	11,162,311	-	-	11,162,311
Total liabilities	<u>2,995,841</u>	<u>11,487,540</u>	<u>-</u>	<u>-</u>	<u>14,483,381</u>
<b>FUND BALANCE (DEFICIT)</b>					
Nonspendable	106,197	-	-	-	106,197
Restricted	-	(11,487,540)	23,323,181	1,902,390	13,738,031
Unassigned	17,772,360	-	-	-	17,772,360
Total fund balance (deficit)	<u>17,878,557</u>	<u>(11,487,540)</u>	<u>23,323,181</u>	<u>1,902,390</u>	<u>31,616,588</u>
Total liabilities and fund balance	<u>\$ 20,874,398</u>	<u>\$ -</u>	<u>\$ 23,323,181</u>	<u>\$ 1,902,390</u>	<u>\$ 46,099,969</u>

Notes on Exhibit A-9 are an integral part of this statement.

## CITY OF ZACHARY, LOUISIANA

### RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2024

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

Total fund balance - governmental fund (Exhibit A-2)		\$ 31,616,588
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental fund, net of accumulated depreciation and amortization, excluding amounts included in the internal service funds.		68,667,116
<p>The issuance of long-term debt (e.g. bonds, leases, SBITAs) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, payment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.</p>		
Compensated absences	(1,238,016)	
Bonds and certificate of indebtedness payable	(12,157,764)	
Lease liabilities	(1,338,765)	
Subscription liabilities	<u>(85,483)</u>	(14,820,028)
<p>Pension and other post-employment benefit related obligations are not due and payable with current resources and, therefore, are not reported in governmental funds.</p>		
Deferred outflows related to other post-employment benefits	455,775	
Deferred inflows related to other post-employment benefits	(3,860,400)	
Other post-employment benefits liability	(18,770,177)	
Deferred outflows related to pension liability	6,304,883	
Deferred inflows related to pension liability	(285,260)	
Net pension liability	<u>(15,777,576)</u>	<u>(31,932,755)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 53,530,921</u>

**CITY OF ZACHARY, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

For the year ended June 30, 2024

	<u>Major Funds</u>			<u>Non-Major Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Fund</u>	<u>Streets</u> <u>Improvement Fund</u>	<u>Debt Service -</u> <u>Streets Fund</u>	<u>Debt Service -</u> <u>Hotel Tax Fund</u>	
<b>REVENUES</b>					
Taxes					
Sales and use	\$ 11,896,028	\$ -	\$ 4,706,583	\$ -	\$ 16,602,611
Ad valorem	1,195,229	-	-	-	1,195,229
Occupancy	131,145	-	-	223,937	355,082
Intergovernmental	3,108,770	1,831,237	-	-	4,940,007
Charges for services	1,915,531	-	-	-	1,915,531
Commissions	1,706,666	-	-	-	1,706,666
Fees	347,631	-	-	-	347,631
License and permits	628,112	-	-	-	628,112
Miscellaneous and other	1,189,935	177,668	-	2,983	1,370,586
Total revenues	<u>22,119,047</u>	<u>2,008,905</u>	<u>4,706,583</u>	<u>226,920</u>	<u>29,061,455</u>
<b>EXPENDITURES</b>					
Current function:					
General government	3,378,798	-	32,765	1,787	3,413,350
Court	535,022	-	-	-	535,022
Public safety	10,914,910	-	-	-	10,914,910
Streets	1,359,532	938,492	-	-	2,298,024
Sanitation	2,073,352	-	-	-	2,073,352
Recreation	478,092	-	-	-	478,092
Debt service					
Principal	708,026	-	715,000	105,000	1,528,026
Interest	548,870	-	133,424	15,225	697,519
Capital outlay	8,222,591	4,096,586	-	-	12,319,177
Total expenditures	<u>28,219,193</u>	<u>5,035,078</u>	<u>881,189</u>	<u>122,012</u>	<u>34,257,472</u>
Excess (deficit) of revenues over expenditure:	(6,100,146)	(3,026,173)	3,825,394	104,908	(5,196,017)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of lease liabilities	748,476	-	-	-	748,476
Proceeds from sale of capital assets	128,006	-	-	-	128,006
Total other financing sources (uses)	<u>876,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>876,482</u>
Net change in fund balance	(5,223,664)	(3,026,173)	3,825,394	104,908	(4,319,535)
<b>FUND BALANCE (DEFICIT)</b>					
Beginning of year	23,102,221	(8,461,367)	19,497,787	1,797,482	35,936,123
End of year	<u>\$ 17,878,557</u>	<u>\$ (11,487,540)</u>	<u>\$ 23,323,181</u>	<u>\$ 1,902,390</u>	<u>\$ 31,616,588</u>

Notes on Exhibit A-9 are an integral part of this statement.

## CITY OF ZACHARY, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO  
THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2024

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

Net change in fund balance - total governmental funds (Exhibit A-4)	\$	(4,319,535)
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeds depreciation and amortization expense.</p>		
Capital outlay		12,319,177
Depreciation and amortization expense		<u>(3,483,999)</u>
		8,835,178
<p>The net effect of various transactions involving capital assets, trade-ins, and donations, is to increase net position.</p>		
		(799,373)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, payment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.</p>		
Compensated absences		(75,643)
Proceeds from issuance of lease liabilities		(748,476)
Principal payments on debt, subscriptions, and leases		<u>1,528,026</u>
		703,907
<p>Change in other post employment benefits obligations are reported only in the Statement of Activities</p>		
		(817,911)
<p>Change in net pension obligations are reported only in the Statement of Activities</p>		
		<u>(297,303)</u>
Change in net position of governmental activities (Exhibit A-1)	\$	<u>3,304,963</u>

Notes on Exhibit A-9 are an integral part of this statement.

**CITY OF ZACHARY, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**

June 30, 2024

	<b>Utility Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,321,190
Accounts receivable, net	1,212,011
Due from other governments	244,851
Prepaid expenses	202,704
Inventory	229,159
Total current assets	3,209,915
Restricted cash:	
Customer deposits:	
Cash and cash equivalents	616,538
Certificate of deposit	1,000,000
Debt service:	
Cash and cash equivalents	1,610,199
Capital assets:	
Nondepreciable	7,695,118
Depreciable, net	26,500,028
Lease assets, net	645,826
Total assets	41,277,624
<b>DEFERRED OUTFLOWS OF RESOURCES - NET PENSION LIABILITY</b>	<b>957,367</b>
Total assets and deferred outflows of resources	<b>\$ 42,234,991</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 442,455
Accrued expenses	631,638
Due to other funds	11,020,836
Compensated absences	123,493
Customer utility deposits	1,585,286
Long-term liabilities - due within one year	1,057,135
Total current liabilities	14,860,843
Long-term liabilities - non-current:	
Net pension liability	2,984,458
Due in more than one year	8,170,517
Total liabilities	26,015,818
<b>DEFERRED INFLOWS OF RESOURCES - NET PENSION LIABILITY</b>	<b>57,028</b>
Total liabilities and deferred inflows of resources	26,072,846
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	25,613,320
Restricted	1,641,451
Unrestricted	(11,092,626)
Total net position	16,162,145
Total liabilities and net position	<b>\$ 42,234,991</b>

Notes on Exhibit A-9 are an integral part of this statement.

## CITY OF ZACHARY, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND

For the year ended June 30, 2024

	<u>Utility Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Natural gas	\$ 3,172,028
Water	3,444,790
Sewer	1,661,171
Late fees	232,829
Other revenues	<u>135,134</u>
Total operating revenues	<u>8,645,952</u>
<b>OPERATING EXPENSES</b>	
Water department	2,220,663
Natural gas department	1,791,228
Sewer department	1,222,516
Meters	300,774
Warehouse	361,349
Cashiers and billing	229,630
General and administrative	1,252,310
Depreciation and amortization	<u>2,435,268</u>
Total operating expenses	<u>9,813,738</u>
Operating loss	(1,167,786)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Capital grants	1,942,194
Interest income	72,116
Pension income	61,428
Gain on sale of capital assets	36,541
Interest expense	<u>(145,841)</u>
Total nonoperating, net	<u>1,966,438</u>
Change in net position	798,652
<b>NET POSITION</b>	
Beginning of year	<u>15,363,493</u>
End of year	<u>\$ 16,162,145</u>

Notes on Exhibit A-9 are an integral part of this statement.

## CITY OF ZACHARY, LOUISIANA

**PROPRIETARY FUND  
STATEMENT OF CASH FLOWS**

For the year ended June 30, 2024

	<b>Public Utility Fund</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 8,305,752
Payments to suppliers	(6,212,972)
Payments to employees	<u>(1,303,662)</u>
Net cash provided by operating activities	<u>789,118</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Change customer deposits	70,035
Change in restricted cash	(113,493)
Net borrowings from other funds	<u>2,013,216</u>
Net cash provided by operating activities	<u>1,969,758</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital grants	1,942,194
Purchases of capital assets	(4,550,421)
Principal payment on bonds	(867,800)
Principal payment on leases	<u>(162,470)</u>
Net cash provided by capital and related financing activities	<u>(3,638,497)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of capital assets	43,712
Interest income	<u>72,116</u>
Net cash provided by investing	<u>115,828</u>
Net decrease in cash	(763,793)
<b>CASH</b>	
Beginning of period	<u>4,311,720</u>
End of period	<u>\$ 3,547,927</u>
<b>RECONCILIATION OF CASH</b>	
Cash and cash equivalents	\$ 1,321,190
Restricted cash and cash equivalents	<u>2,226,737</u>
Total cash and cash equivalents	<u>\$ 3,547,927</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (1,167,786)
Adjustments for to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	2,435,268
Change in operating assets and liabilities:	
Accounts receivable	(340,200)
Accounts payable and accrued expenses	178,089
Inventory	6,130
Prepaid expenses	(126,376)
Compensated absences	21,112
Net pension	(205,521)
Deferred outflows - pensions	(103,858)
Deferred inflows - pensions	<u>92,260</u>
Net cash provided by operating activities	<u>\$ 789,118</u>

Notes on Exhibit A-9 are an integral part of this statement.

**CITY OF ZACHARY, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2024

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

The City of Zachary (City) was established in 1889 and is a political subdivision of the State of Louisiana. The City operates under a Home Rule Charter that provides for a mayor-council form of government. Five Council members are elected from separate districts at large, and they are compensated for their services. As authorized by its charter, the City is responsible for providing public safety, highways and streets, sanitation, recreation, public improvements, and general government services to its approximately 19,968 inhabitants as of 2023, with its boundaries located in East Baton Rouge Parish.

**Statement Presentation**

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

**Reporting Entity**

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

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

1. Legal status of the potential component unit
2. Appointing a voting majority of an organization's governing body and,
  - a. The ability of the City to impose its will on that organization and/or,
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
3. Organizations for which the City does not appoint a voting majority but which are fiscally dependent on the City.

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

### Reporting Entity (Continued)

4. Organizations for which the reporting entity financial statements would be misleading if data of the Organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the City and its component unit. The component unit included in the accompanying financial statements is discretely presented.

### Discretely Presented Component Unit

Component units that are legally separate from the municipality but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be misleading or incomplete are discretely presented. The component unit is report in a separate column to emphasize that it is legally separate from the municipality.

The City has one component unit, City Court of Zachary (City Court), which is defined by GASB Statement No. 61, codified into Section 2100, *Defining the Financial Reporting Entity*, as another legally separate organization for which the elected City officials are financially accountable for.

### Basis of Presentation

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

### Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the City. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. *Governmental activities* generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. *Business type activities* are financed in whole or part by fees charged to charged to external parties for utility services provided. The City provides sewer services, natural gas services, and water services. These services are classified as business-type activities.

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

### Government-wide Financial Statements (Continued)

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

### Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund types are summarized into a single column in the basic financial statements.

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

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

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

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

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

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

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

#### ***Governmental Fund Types***

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

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

***Special Revenue Funds*** - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned to expenditures for specified purposes. The special revenue fund that is considered a major fund is the Streets Improvement Fund. The Streets Improvement Fund accounts for the collection and expenditure of a one cent sales tax, which is restricted to street improvement and maintenance.

***Debt Service Funds*** - Debt service funds are used to account for transactions relating to resources retained and used for the payment of principal, interest, and related cost on long-term debt. The Debt Service - Streets Fund is considered a major fund.

#### ***Proprietary Fund Types***

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

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

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

#### ***Proprietary Fund Types (Continued)***

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

### **Basis of Accounting and Measurement Focus**

#### ***Government-wide financial statements***

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

#### ***Fund financial statements***

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

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

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

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

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

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

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

### **Cash, Cash Equivalents, and Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The investment policy of the City is governed by state statutes that include depository and custodial contract provisions. The City invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, corporate stocks, and fully collateralized interest-bearing checking accounts and certificates of deposit.

Other provisions require depositories to insure or collateralize all deposits in accordance with state statutory law and require securities collateralizing deposits to be held by an independent third party with whom the City has a custodial agreement.

Investments are stated at fair value. Unrealized gains and losses on investments recorded at fair value are included in investment income or losses.

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

### **Cash, Cash Equivalents, and Investments (Continued)**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

### **Accounts Receivable**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. For governmental activities, uncollectible amounts due for receivables and due from other governments are recognized as bad debts through the use of an allowance account or expensed at the time information becomes available indicating that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. In business-type activities, uncollectible amounts due from utility billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. An allowance for doubtful accounts of \$40,000 was recorded at June 30, 2024.

### **Inventory**

Inventory of supplies in the proprietary fund is valued at cost (first in, first out method). Purchases of operating supplies by governmental fund types are recorded as expenditures when purchased. Inventories of such supplies are not recorded and are not considered by management to be material.

### **Leased Asset Receivable**

Leased asset receivables are a result of leases in which the City has entered into a contract with a lessee that delivers the right to use a nonfinancial asset of the City as specified by the contract for a period of time in an exchange or exchange-like transaction. Such receivables are reported on the government-wide financial statements at present value of the lease payments to be received during the lease term.

Additionally, the City would recognize a deferred inflow of resources that is reported at the value of the lease receivable plus any payments received at or before the commandment of the lease for future periods. Assets of the agreement entered into in which the City is the lessor are retained as capital assets of the City and are reported in the government-wide financial statements as described under capital assets. The City has not entered into any agreements delivering control of a right to use a nonfinancial asset to a lessee as described above during the year ended June 30, 2024.

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

### **Prepaid Assets**

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

### **Restricted Assets**

Restricted assets represent amounts that are legally restricted as to their use. These amounts are related to the customers' utility deposits accounts and amount required to be maintained under debt agreements.

### **Interfund Receivables/Payables**

During the course of operations, transactions may occur between individual funds. Those related to short-term borrowings are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### **Interfund Transfers**

Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts. There were no interfund transfers reported between the City's funds during the fiscal year ended June 30, 2024.

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

#### ***Government-wide Statements***

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

In addition to liabilities in the government-wide financial statements, the Statement of Net Position may report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) at that time. The City has two items that qualify for this category, other post-employment benefits and pension liability, which are reported in the government-wide statements.

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

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

***Fund Financial Statements***

In the fund financial statements, unavailable revenues are accounted as deferred inflows of resources. This item is reported only in the governmental funds balance sheet. The amounts deferred are recognized as an inflow of resources in the period that the amounts become available.

**Capital Assets**

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

***Government-wide Statements***

In the government-wide financial statements, long-term assets are accounted for as capital assets, which include land, buildings and improvements, equipment, vehicles and infrastructure assets (streets, roads, bridges and drainage systems). All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The City's capitalization policy stipulates a capitalization threshold of \$5,000.

Donated capital assets are recorded at estimated acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized at the completion of construction projects.

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

Prior to the implementation of GASB 34 the infrastructure assets of the City's governmental funds were capitalized but not depreciated. These assets are comprised of the streets maintained by the City and have been valued at estimated historical cost.

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

**Capital Assets (Continued)**

***Government-wide Statements (Continued)***

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is computed using the straight-line method of depreciation over the asset's estimated useful life, as follows:

Buildings & improvements	35-40 years
Sewerage system	25-35 years
Gas system	35 years
Water system	12-35 years
Office equipment	5-10 years
Machinery and equipment	5-10 years

***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are not capitalized. Instead, capital acquisition and construction are reflected as expenditures in the governmental funds. Capital assets used in proprietary fund operations are accounted for in the same manner as in government-wide statements. Property, plant, and equipment used by the proprietary funds are stated at cost. Interest costs incurred during construction periods are capitalized. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method.

**Right-of-Use Lease Assets**

Right-of-use assets are a result of leases in which the City has entered into a contract with a lessor that conveys control of the right to use the lessor's nonfinancial asset as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statement net of amortization. Right-of-use assets are amortized at the lesser of the useful life or lease term.

**Subscription-Based Information Technology Arrangements**

Subscription-based information technology arrangements (SBITA) are contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statement net of amortization as subscription assets. SBITAs are amortized during the extent of the agreement.

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

**Compensated Absences**

The City has the following policy relating to vacation and sick leave:

The full time employees of the City earn up to 240 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 240 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 480 hours plus the vacation hours earned up to the date of termination.

Police department 12-hour shift employees earn up to 300 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 240 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 540 hours plus the vacation hours earned up to the date of termination.

Police department 10-hour shift employees earn up to 270 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 240 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 510 hours plus the vacation hours earned up to the date of termination.

Fire department employees earn up to 432 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 432 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 864 hours plus the vacation hours earned up to the date of termination.

Fire department day shift employees, similar to the full time employees of the City, earn up to 240 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 240 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 480 hours plus the vacation hours earned up to the date of termination.

Municipal employees only (not including police and fire) earn varying amounts of sick leave each year depending on their length of service and employment status. Maximums are set for accumulation of sick leave with even more restrictive limits established for post-retirement benefits.

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

### Compensated Absences (Continued)

As defined by GASB Statement No. 101, *Compensated Absences*, the City records a liability for earned vacation and sick leave and reflect the liability for this on the government-wide financial statements. In the government-wide and proprietary fund financial statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. No compensated absences liability is recorded on the governmental funds financial statements.

### Pensions

The City is a participating employer in multiple cost-sharing, multiple-employer defined benefit pension plans as described in Note 10. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

### Other Post-Employment Benefits (OPEB)

The City's defined benefit postemployment health care plan provides OPEB to eligible retired employees as described in Note 11. Medical and dental benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The City recognized the cost of providing these retiree benefits as expenditures in the General Fund when paid during the year.

No assets are accumulated in a trust that meets the criteria in GASB Codification P52, *Postemployment Benefits Other Than Pensions-Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit*.

### Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets—consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance the acquisition of those assets.
- Restricted net position—consists of net position that is restricted by the City's creditors (for example, through debt covenants), by state or local enabling legislation (through restrictions on shared revenues or taxes), by grantors, and by other contributors.
- Unrestricted—all other net position is reported in this category.

In the government-wide net position, restricted resources available for use will be depleted prior to use of unrestricted resources.

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

### **Governmental Fund Balances**

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

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

### ***Use of Restricted Resources***

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

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

### **Budget Policy and Budgetary Accounting**

A proposed budget is prepared and submitted by the Mayor to the City Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to adoption of the budget. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

The annual operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments, involving the transfer of funds from one department or involving increases in expenditures resulting from revenues exceeding amounts, are approved by the City Council and are included in the financial statements.

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

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

### **Estimates**

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

Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts, depreciation, amortization, intergovernmental grant receivables and related unearned grant revenue, deferred outflows and inflows, net pension liability, OPEB liability, and lease and subscription liabilities.

### **Current Accounting Standards Implemented**

#### ***Public-Private and Public-Public Partnerships and Availability Payment Arrangements***

Effective July 1, 2023, the City implemented policies under GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, which is based on the standards established in GASB Statement No. 87, *Leases*. PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset for a period of time in an exchange or exchange-like transaction.

APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The City has not entered into any public-private or public-public partnership arrangements or availability payment arrangements as defined by GASB Statement No. 94. Therefore, the implementation of this statement has not had an impact on the City's financial statements at June 30, 2024.

#### ***Accounting Changes and Error Corrections***

During the fiscal year, the City implemented policies under GASB Statement No. 100, *Accounting Changes and Error Corrections*, which is an amendment of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period.

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

**Current Accounting Standards Implemented (Continued)**

*Accounting Changes and Error Corrections (Continued)*

This Statement also requires that information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. This statement has no impact on the City's financial statements at June 30, 2024.

*Compensated Absences*

As of July 1, 2023, the City implemented policies under GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. In addition, this Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. This statement has no impact on the City's financial statements at June 30, 2024.

**Subsequent Events**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 17, 2024, which was the date the financial statements were available to be issued.

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Deposits**

At June 30, 2024, the carrying amount of the City’s deposits totaled \$24,750,104 and the related bank balances were \$26,110,992. These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. Additionally, state law requires that deposits be fully secured. At June 30, 2024, the City’s had the following security on deposits:

	Primary Government			City Court
	Certificates of			Cash
	Cash	Deposit	Total	
Deposits per Balance Sheet	\$ 18,380,045	\$ 6,146,958	\$ 24,527,003	\$ 223,101
Deposits in bank accounts per bank	19,649,311	6,146,958	25,796,269	314,723
Amount insured by the FDIC			281,086	185,434
Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the City's name			29,861,935	129,289
Excess of FDIC insurance and pledged securities			\$ 4,346,752	\$ -

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute (R.S.) 39: 1229 imposes a statutory requirement on the custodial bank to advertised and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

**Investments (Certificates of Deposit)**

Investments of the City consist of certificates of deposit. These securities are stated at their fair value as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The City used quoted market values to determine fair value of the investments.

*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. The City invests in certificates of deposits that are backed by FDIC and pledged securities, and U.S. government securities. The City has adopted the state investment policy at LA R.S. 49:327 and does not have any other policy that would further limit the investment choices. As of June 30, 2024, all of the City’s investment balances were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution’s trust department or agent, but not in the entity’s name.

*Concentration of Credit Risk* – The City’s investment policy does not limit the amount the City may invest in any one issuer.

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

*Interest Rate Risk* – The City has no formal investment policy but has adopted the state investment policy at LA R.S. 49:327. The City invests in investments with maturities limited to five-year as means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2024, the City had the following investments and maturities:

Description	Interest Rate	Maturity Date	Fair Value
Certificate of deposit	3.25%	7/1/2024	\$ 1,000,000
Certificate of deposit	4.09%	10/29/2024	1,021,563
Certificate of deposit	4.15%	6/29/2025	3,125,395
Certificate of deposit	5.03%	7/26/2024	1,000,000
<b>Total</b>			<b>\$ 6,146,958</b>

The City did not have Level 2 or 3 assets at June 30, 2024.

**NOTE 3 - RECEIVABLES**

Receivables at June 30, 2024 were as follows:

	Amount
Sales and use taxes	\$ 2,409,266
Utility charges, net	1,212,011
Garbage charges	437,318
Sale of electricity	231,446
Sale of insurance	95,845
Intergovernmental	545,451
Other	357,074
Total primary government	<b>\$ 5,288,411</b>

**NOTE 4 - AD VALOREM TAXES**

Ad valorem taxes are levied and are billed to the taxpayers in December of each year. Billed ad valorem taxes become delinquent on January 1<sup>st</sup> of the following calendar year. If ad valorem taxes are unpaid by June 30, the property is offered at a tax sale, thirty days after the tax sale a lien is placed on the property.

**NOTE 4 - AD VALOREM TAXES (CONTINUED)**

The East Baton Rouge Parish Sheriff's office bills and collects the property taxes for the City using the assessed values determined by the tax assessor of East Baton Rouge Parish. For the 2024 calendar year, taxes of 5.07 mills (5.48 mills authorized) were levied on property with assessed valuations totaling \$232,941,311 and were available for general purposes.

Ad valorem taxes collected totaled \$1,195,229 as of June 30, 2024.

**NOTE 5 - RESTRICTED ASSETS**

Customer deposits are paid by customers upon application of utility services and are returnable to them upon termination of services. The City maintains an interest-bearing account and a certificate of deposit which are designated specifically for meter deposits. At June 30, 2024, customer deposits amounted to \$1,616,538.

Certain resources are set aside for repayment of bond indebtedness and are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable bond ordinances. The following schedule summarizes the current year transactions in the major categories of these restricted accounts:

	Utility Revenue Bond Debt Service Fund	Utility Revenue Bond Debt Service Reserve Fund	Depreciation and Contingency Fund	Totals
<b>Beginning balance, July 1, 2023</b>	\$ 651,620	\$ 418,969	\$ 501,852	\$ 1,572,441
<b>Add:</b>				
Transfers from utility checking	816,000	-	-	816,000
Interest earned	19,751	12,978	2,014	34,743
<b>Total funds available</b>	<u>\$ 1,487,371</u>	<u>\$ 431,947</u>	<u>\$ 503,866</u>	<u>\$ 2,423,184</u>
<b>Less:</b>				
Bond principal and interest payments	(812,985)	-	-	(812,985)
<b>Ending balance June 30, 2024</b>	<u>\$ 674,386</u>	<u>\$ 431,947</u>	<u>\$ 503,866</u>	<u>\$ 1,610,199</u>

Total restricted assets of the Utility Fund were applicable to the following at June 30, 2024:

	<u>2024</u>
Customer deposits accounts:	
Cash and cash equivalents	\$ 616,538
Certificate of deposit	1,000,000
Utility revenue bond:	
Cash and cash equivalents	<u>1,610,199</u>
<b>Total</b>	<u><u>\$ 3,226,737</u></u>

**NOTE 6 - CAPITAL ASSETS**

A summary of changes in capital assets for governmental activities for the year ended June 30, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 3,427,151	\$ 25,614	\$ -	\$ 3,452,765
Construction in progress	428,964	4,096,587	3,858,729	666,822
Total capital assets not being depreciated	3,856,115	4,122,201	3,858,729	4,119,587
<b>Capital assets being depreciated</b>				
Buildings and improvements	10,253,126	7,154,349	-	17,407,475
Equipment	17,186,691	294,151	374,823	17,106,019
Infrastructure	51,269,592	3,858,729	704,819	54,423,502
Total capital assets being depreciated	78,709,409	11,307,229	1,079,642	88,936,996
Total capital assets	82,565,524	15,429,430	4,938,371	93,056,583
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	3,747,581	310,372	-	4,057,953
Equipment	11,031,966	1,093,000	368,608	11,756,358
Infrastructure	8,394,974	1,563,934	-	9,958,908
Total accumulated depreciation	23,174,521	2,967,306	368,608	25,773,219
<b>Depreciable capital assets, net</b>	55,534,888	8,339,923	711,034	63,163,777
<b>Total capital assets, net</b>	\$ 59,391,003	\$ 12,462,124	\$ 4,569,763	\$ 67,283,364

Depreciation expense for the year ended June 30, 2024 charged to the general government and street functions totaled \$1,403,372 and \$1,563,934, respectively.

A summary of the changes for the City Court is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>City Court:</b>				
<b>Capital assets being depreciated</b>				
Equipment	\$ 388,376	\$ 93,753	\$ -	\$ 482,129
<b>Less accumulated depreciation for:</b>				
Equipment	388,376	11,028	-	399,404
<b>Total capital assets, net</b>	\$ -	\$ 82,725	\$ -	\$ 82,725

Depreciation expense for the year ended June 30, 2024 for the City Court totaled \$11,028.

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

A summary of changes in capital assets for business-type activities is as follows:

<b>Business-type activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 380,118	\$ -	\$ -	\$ 380,118
Construction in progress	<u>3,346,299</u>	<u>3,976,825</u>	<u>8,124</u>	<u>7,315,000</u>
Total capital assets not being depreciated	<u>3,726,417</u>	<u>3,976,825</u>	<u>8,124</u>	<u>7,695,118</u>
<b>Capital assets being depreciated</b>				
Buildings and improvements	57,855,104	520,999	-	58,376,103
Equipment	<u>2,868,934</u>	<u>94,640</u>	<u>95,695</u>	<u>2,867,879</u>
Total capital assets being depreciated	<u>60,724,038</u>	<u>615,639</u>	<u>95,695</u>	<u>61,243,982</u>
Total capital assets	<u>64,450,455</u>	<u>4,592,464</u>	<u>103,819</u>	<u>68,939,100</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	30,278,993	2,066,065	-	32,345,058
Equipment	<u>2,293,439</u>	<u>196,311</u>	<u>90,854</u>	<u>2,398,896</u>
Total accumulated depreciation	<u>32,572,432</u>	<u>2,262,376</u>	<u>90,854</u>	<u>34,743,954</u>
<b>Depreciable capital assets, net</b>	<u>28,151,606</u>	<u>(1,646,737)</u>	<u>4,841</u>	<u>26,500,028</u>
<b>Total capital assets, net</b>	<u>\$ 31,878,023</u>	<u>\$ 2,330,088</u>	<u>\$ 12,965</u>	<u>\$ 34,195,146</u>

Depreciation expense for the year ended June 30, 2024 for business-type activities totaled \$2,262,376.

**NOTE 7 - LEASES AND SUBSCRIPTION-BASED ASSETS AND LIABILITIES (SBITAS)**

The City has right-of-use leased assets for vehicles and equipment for the police and fire departments as well as the utility departments.

The governmental activities have an operating lease and subscription-based liability of \$1,338,765 and \$85,483, respectively, as of June 30, 2024 with a total of \$501,766 maturing within the next year.

Governmental Activities					Amounts Due
	June 30, 2023	Increases	Decreases	June 30, 2024	Within One Year
Right-of-use assets being amortized:					
Vehicles	\$ 1,551,057	\$ 748,476	\$ 311,166	\$ 1,988,367	
Equipment	33,063	-	-	33,063	
Less: Accumulated amortization					
Vehicles	534,786	419,836	242,248	712,374	
Equipment	22,737	8,268	-	31,005	
Total lease asset, net	<u>\$ 1,026,597</u>	<u>\$ 320,372</u>	<u>\$ 68,918</u>	<u>\$ 1,278,051</u>	
Lease liability	<u>\$ 1,052,530</u>	<u>\$ 748,476</u>	<u>\$ 462,241</u>	<u>\$ 1,338,765</u>	<u>\$ 416,283</u>
Subscription assets being amortized:					
Equipment	\$ 388,581	\$ -	\$ -	\$ 388,581	
Less: Accumulated amortization	194,291	88,589	-	282,880	
Total subscription asset, net	<u>\$ 194,290</u>	<u>\$ (88,589)</u>	<u>\$ -</u>	<u>\$ 105,701</u>	
Subscription liability	<u>\$ 170,528</u>	<u>\$ -</u>	<u>\$ 85,045</u>	<u>\$ 85,483</u>	<u>\$ 85,483</u>
Business-Type Activities					Amounts Due
	June 30, 2023	Increases	Decreases	June 30, 2024	Within One Year
Right-of-use assets being amortized:					
Vehicles	\$ 782,114	\$ 438,175	\$ 303,199	\$ 917,090	
Less: Accumulated Amortization	302,343	178,891	209,970	271,264	
Total Lease Asset, net	<u>\$ 479,771</u>	<u>\$ 259,284</u>	<u>\$ 93,229</u>	<u>\$ 645,826</u>	
Lease Liability	<u>\$ 493,992</u>	<u>\$ 438,176</u>	<u>\$ 254,528</u>	<u>\$ 677,640</u>	<u>\$ 177,035</u>

The business-type activities have an operating lease liability of \$677,640, with \$177,035 maturing within the next year.

**NOTE 7 - LEASES AND SBITAS (CONTINUED)**

Future maturities of the lease liability as of June 30, 2024 is as follows:

Year ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 416,283	\$ 87,284	\$ 177,035	\$ 49,642	\$ 593,318	\$ 136,926
2026	321,386	63,070	152,098	41,647	473,484	104,717
2027	251,468	46,912	160,504	29,848	411,972	76,760
2028	231,756	22,957	137,177	18,069	368,933	41,026
2029	117,872	2,473	50,826	3,071	168,698	5,544
Thereafter	-	-	-	-	-	-
	<u>\$ 1,338,765</u>	<u>\$ 222,696</u>	<u>\$ 677,640</u>	<u>\$ 142,277</u>	<u>\$ 2,016,405</u>	<u>\$ 364,973</u>

Future maturities of the subscription liability as of June 30, 2024 is as follows:

Year ending June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 85,483	\$ 3,096
2026	-	-
2027	-	-
2028	-	-
2029	-	-
Thereafter	-	-
	<u>\$ 85,483</u>	<u>\$ 3,096</u>

**NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

The interfund receivables and payables of the primary government at June 30, 2024 were as follows:

Individual Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General Fund	\$ 11,203,776	\$ -
Debt Service - Streets Fund	9,747,162	-
Streets Improvement Fund	-	11,162,311
Non-Major Fund:		
Debt Service - Hotel Fund	1,232,209	-
Enterprise Fund:		
Utility Fund	-	11,020,836
Total primary government	<u>\$ 22,183,147</u>	<u>\$ 22,183,147</u>

## **NOTE 9 - COMMITMENTS AND CONTINGENCIES**

### **Risk Management**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year.

### **Solid Waste Contract**

The City has a contract with a private contractor to perform the work required to collect and dispose of all residential solid waste for all residential units of the City. This contract was established for a five-year term on September 1, 2020 and is set to terminate on September 1, 2025. There is an additional option to extend for another five years included in this contract. Each year on the first of September, the contract price is adjusted to take inflation into account. For the fiscal year ended June 30, 2024, the City paid \$1,760,313 the contractor for the collection and disposal services.

### **Cooperative Endeavor Agreements (CEAs)**

The City entered a CEA with the City of Baton Rouge/East Baton Rouge Parish (the City/Parish) on December 12, 2013. The City/Parish agreed to reimburse the City for the actual third-party cost of the roadway work from the Green Light Program in the amount of \$500,000 in annual installments.

The City entered a CEA with the State of Louisiana Department of Transportation and Development (the State) on December 10, 2020. The State transferred ownership of portions of state route LA-1209 and LA-64 roads, which were valued at \$8,982,422. The agreement is still in effect as of June 30, 2024.

### **Construction Contracts**

At June 30, 2024, the City had outstanding commitments resulting from the construction contracts in progress of \$2,572,830.

### **Grants**

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

## NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

### Grants (Continued)

For the year ended June 30, 2024, the City spent a total of \$2,031,605 in federal funds. Of the total amount of funds spent, \$67,641 of these funds were federal monies received from the East Baton Rouge ARPA Program.

## NOTE 10 - PENSION PLANS

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

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

**MERS:** 7937 Office Park Blvd. | Baton Rouge, LA 70809 | [www.mersla.com](http://www.mersla.com)

**MPERS:** 7722 Office Park Blvd., Ste. 200 | Baton Rouge, LA 70809 | [www.lampers.org](http://www.lampers.org)

**FRS:** 3100 Brentwood Dr. | Baton Rouge, LA 70809 | [www.lafrs.org](http://www.lafrs.org)

**LASERS:** 8401 United Plaza Blvd. | Baton Rouge, LA 70809 | [www.lasersonline.org](http://www.lasersonline.org)

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68*. These standards require the City to record its proportional share of each of the pension plans net pension liability and report the following disclosures:

### Plan Descriptions

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

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

The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system, and which elect to become members of the System. The City is a participant in Plan A only.

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

**Plan Descriptions (Continued)**

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

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

**Firefighters' Retirement System (FRS)**

The Firefighters' Retirement System (FRS) is a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability, and survivor benefits to firefighters in Louisiana.

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

The Louisiana State Employees' Retirement System (LASERS) was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Both the City and City Court have employees participating in LASERS.

**Funding Policy**

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

The City's net pension liabilities Are liquidated through the General Fund or Utility Fund, with the City Court's net pension liability is liquidated through the City Court's fund. Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll.

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Funding Policy (Continued)**

The contribution rates in effect as of the year ended June 30, 2024, for the City, City Court and covered employees were as follows:

	<u>City</u>	<u>Employees</u>
<b>Municipal Employees' Retirement System Plan A</b>		
Members hired prior to 01/01/2013	29.50%	10.00%
Members hired after 01/01/2013	29.50%	10.00%
<b>Municipal Police Employees' Retirement System</b>		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	33.93%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.93%	8.00%
Employees receiving compensation below poverty	36.43%	7.50%
guidelines of US Department of Health		
<b>Firefighters' Retirement System</b>		
Employees receiving compensation above poverty	33.25%	10.00%
guidelines of US Department of Health		
Employees receiving compensation below poverty	35.25%	8.00%
guidelines of US Department of Health		
<b>Louisiana State Employees' Retirement System</b>		
Judges hired before 1/1/2011	45.80%	11.50%
Judges hired on or after 1/1/2011	44.70%	13.00%
Judges hired on or after 7/1/2015	44.70%	13.00%

Non-employer contributions to MERS, MPERS, FRS, and LASERS by the City for the plan year ended June 30, 2024 was \$100,703, \$168,661, \$274,455, and \$5,044, respectively and is reflected in the Statement of Activities.

Non-employer contributions to LASERS by the City Court for the plan year ended June 30, 2024 was \$16,041 and is reflected in the Statement of Activities.

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Funding Policy (Continued)**

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

Plan	2024	2023	2022
Municipal Employees' Retirement System (Plan A)	\$ 821,994	\$ 793,700	\$ 713,379
Municipal Police Employees' Retirement System	886,832	774,454	669,125
Firefighters' Retirement System	960,533	836,554	791,506
Louisiana State Employees' Retirement System	<u>3,970</u>	<u>4,089</u>	<u>3,881</u>
	<u>\$ 2,673,329</u>	<u>\$ 2,408,797</u>	<u>\$ 2,177,891</u>

The contributions made to the System for the past three fiscal years by the City Court, which equaled the required contributions for each of these years, were as follows:

	2024	2023	2022
Louisiana State Employees' Retirement System	<u>\$ 45,068</u>	<u>\$ 36,527</u>	<u>\$ 26,997</u>

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

The following schedule lists the City's proportionate share of the net pension liability allocated by each of the pension plans based on the June 30, 2023 measurement date. The City uses this measurement to record its net pension liability and associated amounts as of June 30, 2024 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2024, along with the change compared to the June 30, 2023 rate. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**NOTE 10 - PENSION PLAN (CONTINUED)**

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

	Net Pension Liability at June 30, 2024	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS - governmental activities	\$ 1,908,096	1.33864%	1.25913%	0.07951%
MERS - business-type activities	2,984,458	1.33864%	1.25913%	0.07951%
MPERS	7,726,130	0.73130%	0.72955%	0.00175%
FRS	6,117,178	0.93724%	0.90964%	0.02760%
LASERS	<u>26,172</u>	0.00039%	0.00046%	-0.00007%
Total	<u>\$ 18,762,034</u>			

The following schedule lists the City Court's proportionate share of the net pension liability allocated by each of the pension plans based on the June 30, 2023 measurement date.

	Net Pension Liability at June 30, 2024	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
LASERS	<u>\$ 284,877</u>	0.00426%	0.00337%	0.00089%

The following schedule list each pension plan's recognized pension expense of the City for the year ended June 30, 2024:

	Total
Municipal Employees' Retirement - governmental activities	\$ 232,019
Municipal Employees' Retirement - business-type activities	362,902
Municipal Police Employees' Retirement	1,284,748
Firefighters Retirement System	1,260,507
Louisiana State Employees' Retirement System	5,497
Total	<u>\$ 3,145,673</u>

The pension plan recognized pension expense for the City Court for the year ended June 30, 2024 of \$38,876 for LASERS.

**NOTE 10 - PENSION PLAN (CONTINUED)**

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

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

	MERS - governmental activities	MERS - business-type activities	MPERS
Deferred outflows of resources:			
Differences between expected and actual experience	\$ 1,280	\$ 2,003	\$ 544,230
Changes of assumptions	-	-	128,926
Net difference between projected and actual earnings on pension plan investments	219,262	342,949	834,081
Changes in proportion and differences between employer contributions and proportionate share of contributions	70,966	110,999	98,715
Differences between allocated and actual contributions	-	-	-
Employer contributions subsequent to the measurement date	<u>320,578</u>	<u>501,416</u>	<u>886,832</u>
Total	<u>\$ 612,087</u>	<u>\$ 957,366</u>	<u>\$ 2,492,784</u>
Deferred outflows of resources:	<u>FRS</u>	<u>LASERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 190,984	\$ 567	\$ 739,064
Changes of assumptions	370,145	-	499,071
Net difference between projected and actual earnings on pension plan investments	829,104	150	2,225,546
Changes in proportion and differences between employer contributions and proportionate share of contributions	840,137	4,123	1,124,940
Differences between allocated and actual contributions	300	-	300
Employer contributions subsequent to the measurement date	<u>960,533</u>	<u>3,970</u>	<u>2,673,329</u>
Total	<u>\$ 3,191,203</u>	<u>\$ 8,810</u>	<u>\$ 7,262,250</u>

**NOTE 10 - PENSION PLAN (CONTINUED)**

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

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

	MERS - governmental activities	MERS - business-type activities	MPERS
Deferred inflows of resources:			
Differences between expected and actual experience	\$ 17,449	\$ 27,292	\$ 3,239
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,862	21,682	20,231
Differences between allocated and actual contributions	5,150	8,055	5,372
Employer contributions subsequent to the measurement date	-	-	-
Total	\$ 36,461	\$ 57,028	\$ 28,842

	FRS	LASERS	Total
Deferred inflows of resources:			
Differences between expected and actual experience	\$ 209,580	\$ -	\$ 257,560
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,896	-	57,671
Differences between allocated and actual contributions	3,650	4,830	27,056
Employer contributions subsequent to the measurement date	-	-	-
Total	\$ 215,126	\$ 4,830	\$ 342,287

**NOTE 10 - PENSION PLAN (CONTINUED)**

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

Summary totals of deferred inflows and outflows of resources for the City Court:

	LASERS	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 6,167	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,629 -	- -
Changes in proportion and differences between Employer contributions and proportionate share of contributions	95,215	87,187
Differences between allocated and actual contributions	-	-
Employer contributions subsequent to the measurement date	45,068	-
	\$ 148,079	\$ 87,187

The City reported a total of \$2,673,329 as deferred outflow of resources related to pension contributions made subsequent to the measurement date of the net pension liability but before the end of the City's fiscal year end will be recognized as a reduction in Net Pension Liability in the subsequent fiscal period rather than in the current fiscal period. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement Fund	\$ 821,994
Municipal Police Employees' Retirement Fund	886,832
Firefighters' Retirement System	960,533
Louisiana State Employees' Retirement System	3,970
	\$ 2,673,329

The following lists the pension contributions made subsequent to the measurement period for the City Court:

	Subsequent Contributions
Louisiana State Employees' Retirement System	\$ 45,068

**NOTE 10 - PENSION PLAN (CONTINUED)**

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

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

Year	MERS - governmental activities	MERS - business-type activities	MPERS	FRS	LASERS	Total
2025	\$ 62,868	\$ 98,333	\$ 519,654	\$ 500,645	\$ 369	\$ 1,181,869
2026	47,073	73,628	263,835	330,639	(1,305)	713,870
2027	159,065	248,793	835,074	944,300	1,289	2,188,521
2028	(13,958)	(21,832)	(41,454)	101,659	(343)	24,072
2029	-	-	-	91,688	-	91,688
2030	-	-	-	46,613	-	46,613
	<u>\$ 255,048</u>	<u>\$ 398,922</u>	<u>\$ 1,577,109</u>	<u>\$ 2,015,544</u>	<u>\$ 10</u>	<u>\$ 4,246,633</u>

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

Year	LASERS
2025	\$ 4,819
2026	709
2027	14,031
2028	(3,735)
	<u>\$ 15,824</u>

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions**

**MERS**

The actuarial assumptions used in the June 30, 2023 valuation was based on the results of an experienced study, for the period July 1, 2013 through June 30, 2018 using the entry age normal actuarial cost method.

**MPERS**

The actuarial assumptions used in the June 30, 2023 valuation were based on the assumptions used in the June 30, 2023 actuarial finding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019 using the entry age normal actuarial cost method.

**FRS**

The actuarial assumptions used in the June 30, 2023, valuation were based on the assumptions used in the June 30, 2020, actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2014 through June 30, 2019 using the entry age normal actuarial cost method.

**LASERS**

The actuarial assumptions used in the June 30, 2023, valuation were based on the assumptions used in the June 30, 2020, actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2014 through June 30, 2018 using the entry age normal actuarial cost method.

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2023 are as follows:

	Measurement/ Valuation Date	Expected Remaining Service Lives	Investment Rate of Return
<b>MERS</b>	June 30, 2023	3 years	6.85%; net of investment expense, including inflation
<b>MPERS</b>	June 30, 2023	4 years	6.75%; net of investment expense
<b>FRS</b>	June 30, 2023	7 years	6.90%; net of investment expense, including inflation
<b>LASERS</b>	June 30, 2023	2 years	7.25%; net of investment expense

***Mortality***

**MERS**

Mortality rates for non-disabled are based on PubG-2010(B) Healthy Retiree Table set and PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

Mortality rates for disabled are based on PubNS-2010(B) Disabled Retiree Table set equal to 120% for male and females with full generational MP2018 scale.

**MPERS**

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

Mortality rates for disabled are based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

***Mortality (Continued)***

**FRS**

Mortality rates for non-disabled are set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees and Employees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.

Mortality rates for disabled are set equal to the Pub-2010 Public Retirement Plans Morality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.

**LASERS**

Mortality rates for non-disabled are set equal to the RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.

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

***Salary Increases***

**MERS**

Years of Service	Salary Growth Rate
1-4	6.4%
Over 4	4.5%

**MPERS**

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

**FRS**

Vary from 14.10% in the first two years of service to 5.20% after 3 or more years.

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

***Salary Increases (Continued)***

**LASERS**

The salary increase range applicable to Judges has a lower range of 2.6% and upper range of 5.1%.

***Cost of Living Adjustments***

**MERS**

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

**MPERS**

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

**FRS**

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243).

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

***Cost of Living Adjustments (Continued)***

**FRS (Continued)**

In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

**LASERS**

The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

***Long-Term Expected Rate of Return***

**MERS**

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

**MPERS**

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

***Long-Term Expected Rate of Return (Continued)***

**FRS**

The June 30, 2023, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2023 and the Curran Actuarial Consulting average study for 2023. The consultant's average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from several investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long-term expected real rate of return in January 2023, the Board voted to amend the target asset allocation. These changes include an increase to target weight in U.S. public equity, a decrease to emerging market equity, and the inclusion of a target weight in multisector fixed income to further diversify fixed income exposures. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2023. The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, standard deviations, and correlation coefficients for each asset class. The process integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

***Long-Term Expected Rate of Return (Continued)***

**LASERS**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.30% and an adjustment for the effect of rebalancing/diversification.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the retirement systems target asset allocations as of June 30, 2024:

Asset Class	Target Allocation			Long - Term Expected Real Rate of Return		
	MERS	MPERS	FRS	MERS	MPERS	FRS
Public Equity	56.00%	-	-	2.44%	-	-
Equity	-	52.00%	56.00%	-	3.29%	3.65%
Public Fixed Income	29.00%	-	-	1.26%	-	-
Fixed Income	-	34.00%	26.00%	-	1.12%	0.50%
Alternatives	15.00%	14.00%	18.00%	0.65%	0.95%	1.29%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	4.35%	5.36%	5.45%
Inflation				<u>2.50%</u>	<u>2.54%</u>	<u>2.50%</u>
Total expected long-term rate of return				<u>6.85%</u>	<u>7.90%</u>	<u>7.95%</u>

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

***Long-Term Expected Rate of Return (Continued)***

LASERS	
Expected Long-Term Rates of Return	
Asset Class	Percentage
Cash	0.80%
Domestic Equity	4.45%
International Equity	5.44%
Domestic Fixed Income	2.04%
International Fixed Income	5.33%
Alternative Investments	8.19%

**Discount Rate**

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS, MPERS, FRS, and LASERS was 6.85%, 6.75%, 6.90%, and 7.25%, respectively for the year ended June 30, 2024.

(continued)

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
<b>MERS</b>			
Discount Rates	5.85%	6.85%	7.85%
Shares of Net Pension Liability	\$ 6,782,902	\$ 4,892,554	\$ 3,295,777
<b>MPERS</b>			
Discount Rates	5.75%	6.75%	7.75%
Shares of Net Pension Liability	\$ 10,871,275	\$ 7,726,130	\$ 5,098,776
<b>FRS</b>			
Discount Rates	5.90%	6.90%	7.90%
Shares of Net Pension Liability	\$ 9,436,969	\$ 6,117,178	\$ 3,348,323
<b>LASERS</b>			
Discount Rates	6.25%	7.25%	8.25%
Shares of Net Pension Liability	\$ 34,270	\$ 26,172	\$ 19,311

The following table presents the City Court's proportionate share of the net pension liability using the discount rate of LASERS as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used.

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
<b>LASERS</b>			
Discount Rates	6.25%	7.25%	8.25%
Shares of Net Pension Liability	\$ 373,022	\$ 284,877	\$ 210,198

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

**Plan Description**

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

**Benefits Provided**

Medical, dental, and life insurance benefits through comprehensive plans and are made available to employees upon actual retirement. The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: attainment of Medical benefits are provided through a medical plan and are made available to employees upon actual retirement.

The employees are covered by one of three retirement systems: first, the Municipal Employees’ Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or age 60 and 10 years of service; second, the Firefighters’ Retirement System of Louisiana, and the third, the Municipal Police Retirement System of Louisiana. Both the Fire and Police Retirement Systems have retirement eligibility (D.R.O.P. entry) provisions as follows: 25 years of service at any age; age 50 and 20 years of service; or age 55 and 12 years of service. For each system, employees hired on and after January 1, 2013 must meet the following retirement (D.R.O.P. entry requirements): age 55 and 30 years of service; age 62 and 10 years of service; or 67 and 7 years of service.

Life insurance coverage is provided to retirees and 90% of the blended rate (active and retired) for \$5,000 face amount is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at age 65.

**Employees Covered by Benefit Terms**

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	53
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	153
	206

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

**Total OPEB Liability**

The City’s total OPEB Liability of \$18,770,177 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	From the pension plan valuations, as follows. These rates include the inflation assumption, above.

<u>Service</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>
1 — 2	6.40%	12.30%	14.41%
3 — 4	6.40%	4.70%	5.19%
5 — 14	4.50%	4.70%	5.19%
15 — 24	4.50%	4.70%	4.69%
25+	4.50%	4.70%	4.19%

Discount rate	3.65% annually (Beginning of Year to Determine ADC) 3.93%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Getzen Model, with an initial trend of 5.5%
Mortality	Pub-2010(B)

The discount rate was based on the Bond Buyers’ 20 Year General Obligation municipal bond index as of June 30, 2024, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2024.

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

**Changes in the Total OPEB Liability**

Balance at June 30, 2023	\$ 18,538,885
Changes for the year:	
Service cost	962,094
Interest	701,212
Changes of assumptions	(847,412)
Benefit payments and net transfers	(584,602)
Net changes	231,292
Balance at June 30, 2024	\$ 18,770,177

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is a 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1.0% Decrease (2.93%)</b>	<b>Current Discount Rate (3.93%)</b>	<b>1.0% Increase (4.93%)</b>
Total OPEB liability	\$ 22,072,262	\$ 18,770,117	\$ 16,149,723

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that is a 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1.0% Decrease (4.50%)</b>	<b>Current Trend (5.50%)</b>	<b>1.0% Increase (6.50%)</b>
Total OPEB liability	\$ 15,691,281	\$ 18,770,117	\$ 22,807,478

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

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$1,402,513. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 307,130	\$ (425,534)
Assumption changes	148,645	(3,434,866)
Total	\$ 455,775	\$ (3,860,400)

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

Year ending June 30,	Amount
2025	\$ (1,424,293)
2026	(1,484,322)
2027	(124,985)
2028	(124,985)
2029	(124,982)
Thereafter	(121,058)
Total	\$ (3,404,625)

**NOTE 12 - LONG-TERM LIABILITIES**

The following is a summary of debt transactions for the City as of June 30, 2024:

	<b>Governmental Activities</b>				
	<u>Balance as of 6/30/2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance as of 6/30/2024</u>	<u>Amount Due Within One Year</u>
Net pension liability	\$ 15,945,949	\$ 1,740,515	\$ 1,908,888	\$ 15,777,576	\$ -
OPEB liability	18,538,885	815,894	584,602	18,770,177	-
Lease payable	1,052,530	748,476	462,241	1,338,765	416,283
Subscription liability	170,528	-	85,045	85,483	85,483
Compensated absences	1,162,373	352,192	276,549	1,238,016	-
Public street bonds	4,805,000	-	715,000	4,090,000	750,000
Hotel occupancy tax bonds	435,000	-	105,000	330,000	105,000
Certificate of indebtedness	7,970,291	-	232,527	7,737,764	246,010
<b>Total governmental activities</b>	<u>\$ 50,080,556</u>	<u>\$ 3,657,077</u>	<u>\$ 4,369,852</u>	<u>\$ 49,367,781</u>	<u>\$ 1,602,776</u>

  

	<b>Business-Type Activities</b>				
	<u>Balance as of 6/30/2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance as of 6/30/2024</u>	<u>Amount Due Within One Year</u>
Net pension liability	\$ 3,189,979	\$ -	\$ 205,521	\$ 2,984,458	\$ -
Lease payable	493,992	438,175	254,527	677,640	177,035
Compensated absences	102,381	46,785	25,673	123,493	-
DEQ loans	8,786,000	-	733,000	8,053,000	739,000
Loan agreement	631,812	-	134,800	497,012	141,100
<b>Total business-type activities</b>	<u>\$ 13,204,164</u>	<u>\$ 484,960</u>	<u>\$ 1,353,521</u>	<u>\$ 12,335,603</u>	<u>\$ 1,057,135</u>

Long-term liabilities for governmental activities as of June 30, 2024 are comprised of the following:

**Governmental Activities**

\$10,000,000 Public Street Bonds, Series 2013 consisting in serial bonds bearing an interest rates of 3.00% and maturing on October 1, 2028. Combined annual installments of principal and interest vary from \$731,625 to \$903,350. \$ 4,090,000

\$1,000,000 Hotel Occupancy Tax Bonds, Series 2017 consisting in serial bonds bearing an interest rates of 4.50% and maturing on January 1, 2027. Combined annual installments of principal and interest vary from \$107,500 to \$117,013. 330,000

\$8,100,000 Certificate of Indebtedness, Series 2022, consisting in serial bonds bearing an interest rates of 5.65% and maturing on November 30, 2042. Combined annual installments of principal and interest in the amount of \$56,407. 7,737,764

**NOTE 12 - LONG-TERM LIABILITIES (CONTINUED)**

**Governmental Activities (Continued)**

\$2,021,430 in right-of-use asset lease liabilities for the purchase of vehicles and equipment, due in various monthly installments through May 2029, with various interest rates. The leases are secured by the vehicles and equipment.	1,338,765
\$388,581 in subscription asset lease liabilities for the use of equipment, due in annual installments of \$85,483 through June 2025.	85,483
<i>Compensated Absences</i>	1,238,016
<i>Net pension liability</i>	15,777,576
<i>Other Post-Employment Benefits</i>	<u>18,770,177</u>
Total long-term liabilities from governmental activities	<u>\$ 49,367,781</u>

Long-term liabilities for business-type activities as of June 30, 2024 are comprised of the following:

**Business-Type Activities**

\$14,300,000 Louisiana Department of Environmental Quality Revenue Bonds, secured by the sewer system revenues bearing an interest rate of 0.45% and administrative fees of 0.50%, maturing on January 1, 2035. Combined annual installments of principal and interest vary from \$257,278 to \$543,570.	\$ 8,053,000
\$1,500,000 Louisiana Government Environmental Facilities and Community Development Authority (LCDA) secured by various utility systems bearing an interest rate of 5.88%. Combined annual installments of principal and interest vary from \$49,812 to \$157,400.	497,012
\$917,090 in right-of-use asset lease liabilities for the purchase of equipment, due in various monthly installments through May 2029, with various interest rates. The leases are secured by the vehicles.	677,640
<i>Compensated absences</i>	123,493
<i>Net pension liability</i>	<u>2,984,458</u>
Total long-term liabilities from business type activities	<u>\$ 12,335,603</u>

**NOTE 12 - LONG-TERM LIABILITIES (CONTINUED)**

The annual requirements to amortize governmental long-term liabilities as of June 30, 2024 are as follows:

<b>Governmental Activities</b>				
Year ending June 30,	Public street bonds		Hotel occupancy tax bonds	
	Principal	Interest	Principal	Interest
2025	\$ 750,000	\$ 111,450	\$ 105,000	\$ 9,713
2026	780,000	88,500	110,000	5,951
2027	815,000	64,575	115,000	2,012
2028	855,000	39,525	-	-
2029	890,000	13,350	-	-
2030 and thereafter	-	-	-	-
Total	<u>\$ 4,090,000</u>	<u>\$ 317,400</u>	<u>\$ 330,000</u>	<u>\$ 17,676</u>
Year ending June 30,	Certificate of indebtedness		Lease liabilities	
	Principal	Interest	Principal	Interest
2025	\$ 246,010	\$ 430,878	\$ 416,283	\$ 87,284
2026	260,275	416,613	321,386	63,070
2027	275,368	401,520	251,468	46,912
2028	291,335	385,553	231,756	22,957
2029	308,229	368,659	117,872	2,473
2030 and thereafter	6,356,547	2,725,034	-	-
Total	<u>\$ 7,737,764</u>	<u>\$ 4,728,257</u>	<u>\$ 1,338,765</u>	<u>\$ 222,696</u>
Year ending June 30,	Subscription liabilities		Totals	
	Principal	Interest	Principal	Interest
2025	\$ 85,483	\$ 3,096	\$ 1,602,776	\$ 642,421
2026	-	-	1,471,661	574,134
2027	-	-	1,456,836	515,019
2028	-	-	1,378,091	448,035
2029	-	-	1,316,101	384,482
2030 and thereafter	-	-	6,356,547	2,725,034
Total	<u>\$ 85,483</u>	<u>\$ 3,096</u>	<u>\$ 13,582,012</u>	<u>\$ 5,289,125</u>

(continued)

**NOTE 12 - LONG-TERM LIABILITIES (CONTINUED)**

The annual requirements to amortize business-type long-term liabilities as of June 30, 2024 are as follows:

<b>Business-Type Activities</b>				
Year ending June 30,	Bonds Series 2012		Bonds Series 2014	
	Principal	Interest	Principal	Interest
2025	\$ 467,000	\$ 22,090	\$ 272,000	\$ 14,148
2026	472,000	19,990	275,000	12,924
2027	476,000	17,866	278,000	11,686
2028	481,000	15,724	280,000	10,436
2029	485,000	13,558	283,000	9,176
2030 and thereafter	2,528,000	34,632	1,756,000	27,884
Total	<u>\$ 4,909,000</u>	<u>\$ 123,860</u>	<u>\$ 3,144,000</u>	<u>\$ 86,254</u>
Year ending June 30,	LCDA loan		Lease liabilities	
	Principal	Interest	Principal	Interest
2025	\$ 141,100	\$ -	\$ 177,035	\$ 49,642
2026	148,700	-	152,098	41,647
2027	157,400	-	160,504	29,848
2028	49,812	-	137,177	18,069
2029	-	-	50,826	3,071
2030 and thereafter	-	-	-	-
Total	<u>\$ 497,012</u>	<u>\$ -</u>	<u>\$ 677,640</u>	<u>\$ 142,277</u>
Year ending June 30,	Totals			
	Principal	Interest		
2025	\$ 1,057,135	\$ 85,880		
2026	1,047,798	74,561		
2027	1,071,904	59,400		
2028	947,989	44,229		
2029	818,826	25,805		
2030 and thereafter	4,284,000	62,516		
Total	<u>\$ 9,227,652</u>	<u>\$ 352,391</u>		

**NOTE 13 - DEFICIT FUND BALANCE**

The Streets Improvement Fund had a deficit fund balance at June 30, 2024 of \$11,487,540.

**NOTE 14 - RELATED PARTY TRANSACTIONS**

The City of Zachary incurs expenditures on behalf of the City Court of Zachary. These expenditures include compensation to City Court personnel along with the related pension cost and employee benefits. During the year ended June 30, 2024, the City paid \$535,022 on behalf of City Court.

**NOTE 15 - COMPENSATION OF THE GOVERNING BODY**

During the year ended June 30, 2024, Council members received compensation as follows:

	<u>Amount</u>
Jennifer Boyd	\$ 10,289
Amber Devirgilio	10,289
James Graves	10,289
John Leblanc	11,039
Brandy Westmoreland	<u>10,289</u>
Total	<u>\$ 52,195</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>REVENUES</b>				
Taxes:				
Sales	\$ 11,435,000	\$ 11,879,800	\$ 11,896,028	\$ 16,228
Ad valorem	1,155,000	1,195,200	1,195,229	29
Occupancy	225,000	225,000	131,145	(93,855)
Intergovernmental	867,000	984,000	3,108,770	2,124,770
Charges for services	2,110,600	1,898,400	1,915,531	17,131
Commissions	1,720,000	1,670,000	1,706,666	36,666
Fines	225,000	325,000	347,631	22,631
Licenses and permits	579,500	631,100	628,112	(2,988)
Miscellaneous and other	<u>1,060,000</u>	<u>1,053,600</u>	<u>1,189,935</u>	<u>136,335</u>
Total revenues	<u>19,377,100</u>	<u>19,862,100</u>	<u>22,119,047</u>	<u>2,256,947</u>
<b>EXPENDITURES</b>				
Current function:				
General government	3,094,300	3,269,000	3,378,798	(109,798)
Court	647,900	542,100	535,022	7,078
Public safety	11,418,500	11,569,800	10,914,910	654,890
Streets	1,179,200	1,285,400	1,359,532	(74,132)
Sanitation	1,964,000	2,019,000	2,073,352	(54,352)
Recreation	527,500	475,600	478,092	(2,492)
Debt service:				
Principal	-	-	708,026	(708,026)
Interest	445,000	449,000	548,870	(99,870)
Capital outlay	<u>8,675,500</u>	<u>8,675,500</u>	<u>8,222,591</u>	<u>452,909</u>
Total expenditures	<u>27,951,900</u>	<u>28,285,400</u>	<u>28,219,193</u>	<u>66,207</u>
Excess (deficit) of revenues over expenditures	<u>(8,574,800)</u>	<u>(8,423,300)</u>	<u>(6,100,146)</u>	<u>2,190,740</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease inception	-	-	748,476	748,476
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>128,006</u>	<u>128,006</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>876,482</u>	<u>876,482</u>
Net change in fund balance	<u>\$ (8,574,800)</u>	<u>\$ (8,423,300)</u>	<u>(5,223,664)</u>	<u>\$ 3,067,222</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>23,102,221</u>	
End of year			<u>\$ 17,878,557</u>	

**CITY OF ZACHARY, LOUISIANA  
STREETS IMPROVEMENT FUND**

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

For the year ended June 30, 2024

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>REVENUES</b>				
Intergovernmental income	\$ 500,000	\$ 500,000	\$ 1,831,237	\$ 1,331,237
Miscellaneous and other	<u>2,500</u>	<u>62,000</u>	<u>177,668</u>	<u>115,668</u>
Total revenues	<u>502,500</u>	<u>562,000</u>	<u>2,008,905</u>	<u>1,446,905</u>
<b>EXPENDITURES</b>				
<b>Current function:</b>				
Streets	1,346,000	1,346,000	938,492	407,508
Capital outlay	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,096,586</u>	<u>(96,586)</u>
Total expenditures	<u>5,346,000</u>	<u>5,346,000</u>	<u>5,035,078</u>	<u>310,922</u>
Net change in fund balance	<u><u>\$ (4,843,500)</u></u>	<u><u>\$ (4,784,000)</u></u>	<u>(3,026,173)</u>	<u><u>\$ 1,135,983</u></u>
<b>FUND BALANCE (DEFICIT)</b>				
Beginning of year			<u>(8,461,367)</u>	
End of year			<u><u>\$ (11,487,540)</u></u>	

**CITY OF ZACHARY, LOUISIANA**  
**SCHEDULE OF CHANGES IN NET OF OPEB LIABILITY AND RELATED RATIOS (1)**

For year ended June 30, 2024

OPEB Expenses	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service cost	\$ 962,094	\$ 958,622	\$ 544,801	\$ 591,127
Interest	701,212	643,607	490,217	526,830
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	390,050	(768,502)	(306,429)
Changes of assumptions	(847,412)	(417,529)	(4,626,531)	(1,375,530)
Benefit payments	<u>(584,602)</u>	<u>(512,027)</u>	<u>(586,651)</u>	<u>(556,067)</u>
<b>Net change in total OPEB liability</b>	<u>231,292</u>	<u>1,062,723</u>	<u>(4,946,666)</u>	<u>(1,120,069)</u>
<b>Total OPEB liability - beginning</b>	18,538,885	17,476,162	22,422,828	23,542,897
<b>Total OPEB liability - ending (a)</b>	<u>\$ 18,770,177</u>	<u>\$ 18,538,885</u>	<u>\$ 17,476,162</u>	<u>\$ 22,422,828</u>
Covered-employee payroll	\$ 6,980,305	\$ 6,560,437	\$ 6,006,630	\$ 5,831,680
Net OPEB liability as a percentage of covered-employee payroll	268.90%	282.59%	290.95%	384.50%

**Notes to Schedule:**

*Benefit Change:* None      None      None      None

*Changes of Assumptions:*

Discount Rate: 3.93%      3.65%      3.54%      2.16%  
Mortality: Pub-2010(B)      Pub-2010(B)      RP-2014      RP-2014  
Trend: Getzen Model      Getzen Model      4.5% to 5.5%      4.5% to 5.5%

OPEB Expenses	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 446,371	\$ 414,299	\$ 383,638
Interest	592,425	586,409	556,277
Changes of benefit terms	-	-	-
Differences between expected and actual experience	889,184	199,658	(127,899)
Changes of assumptions	4,928,315	1,040,510	(809,244)
Benefit payments	<u>(479,635)</u>	<u>(454,631)</u>	<u>(322,470)</u>
<b>Net change in total OPEB liability</b>	<u>6,376,660</u>	<u>1,786,245</u>	<u>(319,698)</u>
<b>Total OPEB liability - beginning</b>	17,166,237	15,379,992	15,699,690
<b>Total OPEB liability - ending (a)</b>	<u>\$ 23,542,897</u>	<u>\$ 17,166,237</u>	<u>\$ 15,379,992</u>
Covered-employee payroll	\$ 5,621,256	\$ 5,405,054	\$ 5,022,934
Net OPEB liability as a percentage of covered-employee payroll	418.82%	317.60%	306.20%

**Notes to Schedule:**

*Benefit Change:* None      None      None

*Changes of Assumptions:*

Discount Rate: 2.21%      3.50%      3.87%  
Mortality: RP-2000      RP-2000      RP-2000  
Trend: 5.5%      5.5%      5.5%

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

**CITY OF ZACHARY, LOUISIANA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF NET PENSION LIABILITY**  
**LAST TEN PLAN FISCAL YEARS**

For the year ended June 30, 2024

Retirement System	Plan Fiscal Year Ended June 30,	Employer Proportion of the Net Pension Liability	Employer Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System -	2024	1.3386%	\$ 4,982,554	\$ 2,690,509	185.1900%	72.46%
	2023	1.2591%	5,229,474	2,418,233	216.2519%	67.87%
	2022	1.2896%	3,587,161	2,553,713	140.4684%	77.82%
	2021	1.4035%	6,067,814	2,682,496	226.2003%	64.52%
	2020	1.3776%	5,756,649	2,550,260	225.7279%	64.68%
	2019	1.3353%	5,528,964	2,437,841	226.7976%	63.90%
	2018	1.2451%	5,208,657	2,246,563	231.8500%	62.49%
	2017	1.2331%	5,054,247	2,160,019	233.9909%	62.11%
	2016	1.2423%	4,437,759	2,120,342	209.2945%	66.20%
	2015	1.2238%	3,140,791	2,048,377	153.3307%	73.99%
Municipal Police Employees' Retirement System -	2024	0.7313%	\$ 7,726,130	\$ 2,475,718	312.0763%	71.30%
	2023	0.7296%	7,457,306	2,252,692	331.0398%	70.80%
	2022	0.7602%	3,764,512	2,102,066	179.0863%	84.09%
	2021	0.7153%	6,611,436	2,205,791	299.7308%	70.94%
	2020	0.6911%	6,276,463	2,153,493	291.4550%	71.01%
	2019	0.7220%	6,104,077	2,098,770	290.8407%	71.89%
	2018	0.7011%	6,104,077	2,091,846	291.8034%	70.08%
	2017	0.7366%	6,903,802	1,848,252	373.5314%	66.04%
	2016	0.7759%	6,078,091	2,075,384	292.8659%	70.70%
	2015	0.8167%	5,109,617	2,048,477	249.4349%	75.10%
Firefighters Retirement System -	2024	0.9372%	\$ 6,117,178	\$ 2,523,292	242.4285%	77.69%
	2023	0.9096%	6,416,146	2,334,469	274.8439%	74.68%
	2022	0.8247%	2,922,647	2,068,628	141.2843%	86.78%
	2021	0.7744%	5,367,799	1,910,305	280.9917%	72.61%
	2020	0.7142%	4,472,187	1,703,819	262.4802%	73.96%
	2019	0.6807%	3,915,186	1,610,824	243.0549%	74.76%
	2018	0.6379%	3,656,220	1,489,360	245.4893%	73.55%
	2017	0.6221%	4,069,297	1,402,765	290.0911%	68.16%
	2016	0.6028%	3,253,458	1,281,096	253.9590%	72.45%
	2015	0.5662%	2,528,496	1,138,547	222.0810%	76.02%
Louisiana State Employees' Retirement System - Primary Government	2024	0.0004%	\$ 26,172	\$ 9,223	283.7688%	68.40%
	2023	0.0005%	35,002	8,882	394.0779%	63.70%
	2022	0.0005%	25,593	8,882	288.1446%	72.80%
	2021	0.0005%	37,135	8,882	418.0928%	58.00%
	2020	0.0005%	31,081	8,882	349.9324%	62.90%
	2019	0.0005%	30,553	8,882	343.9878%	64.30%
	2018	0.0005%	32,731	8,825	370.8895%	62.50%
	2017	0.0005%	39,341	8,882	442.9295%	57.70%
	2016	0.0005%	32,579	8,882	366.7980%	62.70%
	2015	0.0500%	30,889	8,882	347.7708%	65.00%
Louisiana State Employees' Retirement System - Component Unit - City Court	2024	0.0043%	\$ 284,877	\$ 82,529	345.1841%	68.40%
	2023	0.0034%	255,066	61,778	412.8751%	63.70%
	2022	0.0039%	218,838	75,965	288.0774%	72.80%
	2021	0.0040%	330,579	85,928	384.7163%	58.00%
	2020	0.0042%	307,474	81,029	379.4617%	62.90%
	2019	0.0046%	313,171	81,828	382.7186%	64.30%
	2018	0.0039%	271,699	68,023	399.4223%	62.50%
	2017	0.0033%	259,370	78,181	331.7558%	57.70%
	2016	0.0040%	274,169	80,914	338.8400%	62.70%
	2015	0.3700%	241,299	73,719	327.3227%	65.00%

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

For the year ended June 30, 2024

Retirement System	City Fiscal Year Ended June 30,	Contributions in			Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
		Contractually Required Contribution	Relation to Contractual Required Contributions	Contribution Deficiency (Excess)		
Municipal Employees' Retirement System -	2024	\$ 821,994	\$ 821,994	\$ -	\$ 2,786,420	29.5000%
	2023	793,700	793,700	-	2,690,509	29.5000%
	2022	713,379	713,379	-	2,418,233	29.5000%
	2021	753,345	753,345	-	2,553,713	29.5000%
	2020	744,392	744,392	-	2,682,496	27.7500%
	2019	663,067	663,067	-	2,550,260	26.0000%
	2018	603,366	603,366	-	2,437,841	24.7500%
	2017	511,093	511,093	-	2,246,563	22.7500%
	2016	425,782	425,782	-	2,160,019	19.7120%
	2015	418,766	418,766	-	2,120,342	19.7499%
Municipal Police Employees' Retirement System -	2024	\$ 886,832	\$ 886,832	\$ -	\$ 2,614,095	33.9250%
	2023	774,454	774,454	-	2,475,718	31.2820%
	2022	669,125	669,125	-	2,252,692	29.7034%
	2021	709,447	709,447	-	2,102,066	33.7500%
	2020	719,626	719,626	-	2,205,791	32.6244%
	2019	694,502	694,502	-	2,153,493	32.2500%
	2018	648,078	648,078	-	2,098,770	30.8789%
	2017	664,519	664,519	-	2,091,846	31.7671%
	2016	610,552	610,552	-	1,848,252	33.0340%
	2015	653,745	653,745	-	2,075,384	31.5000%
Firefighters Retirement System -	2024	\$ 960,533	\$ 960,533	\$ -	\$ 2,888,821	33.2500%
	2023	836,554	836,554	-	2,523,292	33.1533%
	2022	791,506	791,506	-	2,334,469	33.9052%
	2021	667,133	667,133	-	2,068,628	32.2500%
	2020	536,778	536,778	-	1,910,305	28.0991%
	2019	453,542	453,542	-	1,703,819	26.6191%
	2018	428,919	428,919	-	1,610,824	26.6273%
	2017	376,064	376,064	-	1,489,360	25.2500%
	2016	382,254	382,254	-	1,402,765	27.2500%
	2015	374,721	374,721	-	1,281,096	29.2500%
Louisiana State Employees' Retirement System - Primary Government	2024	\$ 3,970	\$ 3,970	\$ -	\$ 8,882	44.7000%
	2023	4,089	4,089	-	9,223	44.3348%
	2022	3,882	3,882	-	8,882	43.7064%
	2021	3,775	3,775	-	8,882	42.5017%
	2020	3,766	3,766	-	8,882	42.4004%
	2019	3,562	3,562	-	8,882	40.1036%
	2018	3,561	3,561	-	8,882	40.0923%
	2017	3,353	3,353	-	8,825	37.9943%
	2016	3,384	3,384	-	8,882	38.0995%
	2015	3,686	3,686	-	8,882	41.4997%
Louisiana State Employees' Retirement System - Component Unit - City Court	2024	\$ 45,068	\$ 45,068	\$ -	\$ 100,823	44.7700%
	2023	36,527	36,527	-	82,529	44.2596%
	2022	26,997	26,997	-	61,778	43.7000%
	2021	32,285	32,285	-	75,965	42.4998%
	2020	36,433	36,433	-	85,928	42.3995%
	2019	32,493	32,493	-	81,029	40.1005%
	2018	32,813	32,813	-	81,828	40.1000%
	2017	25,849	25,849	-	68,023	38.0004%
	2016	29,999	29,999	-	78,181	38.3712%
	2015	33,368	33,368	-	80,914	41.2388%

**CITY OF ZACHARY, LOUISIANA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For the year ended June 30, 2024

**NOTE 1 - BUDGETS**

**Budget Policy and Budgetary Accounting**

A proposed budget is prepared and submitted by the Mayor to the City Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to adoption of the budget. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

The annual operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments, involving the transfer of funds from one department or involving increases in expenditures resulting from revenues exceeding amounts, are approved by the City Council and are included in the financial statements.

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

(continued)

**NOTE 2 - PENSION PLANS**

Changes in benefit terms and assumptions are as follows:

**MERS**

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

**MPERS**

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

**FRS**

Measurement Date	Investment Rate of Return		Inflation Rates		Changes of Benefit Terms	
	Rate	Change	Rate	Change	Years	Change
June 30, 2023	6.90%	0.00%	2.50%	0.00%	7	-
June 30, 2022	6.90%	0.00%	2.50%	0.00%	7	-
June 30, 2021	6.90%	-0.10%	2.50%	0.00%	7	-
June 30, 2020	7.00%	-0.15%	2.50%	-0.25%	7	-
June 30, 2019	7.15%	-0.15%	2.75%	0.00%	7	-
June 30, 2018	7.30%	-0.10%	2.75%	0.00%	7	-
June 30, 2017	7.40%	-0.10%	2.75%	-0.25%	7	-
June 30, 2016	7.50%	0.50%	3.00%	0.00%	7	-
June 30, 2015	7.00%		3.00%		7	

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

**LASERS**

Measurement Date	Investment Rate of Return		Inflation Rates		Changes of Benefit Terms	
	Rate	Change	Rate	Change	Years	Change
June 30, 2023	7.25%	0.00%	2.30%	0.00%	2	-
June 30, 2022	7.25%	-0.15%	2.30%	0.00%	2	-
June 30, 2021	7.40%	-0.15%	2.30%	0.00%	2	-
June 30, 2020	7.55%	-0.05%	2.30%	-0.45%	2	-
June 30, 2019	7.60%	-0.05%	2.75%	-0.50%	2	(1)
June 30, 2018	7.65%	-0.05%	3.25%	0.00%	3	-
June 30, 2017	7.70%	-0.05%	3.25%	0.00%	3	-
June 30, 2016	7.75%	0.00%	3.25%	0.25%	3	-
June 30, 2015	7.75%		3.00%		3	

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

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

Fiscal year ended	Discount Rates		Inflation Rates		Healthcare Trend Rates	
	Rate	Change	Rate	Change	Rate	Change
June 30, 2024	3.93%	0.28%	2.00%	0.00%	5.50%	0.00%
June 30, 2023	3.65%	0.11%	2.00%	0.00%	5.50%	0.00%
June 30, 2022	3.54%	1.38%	2.00%	0.00%	5.50%	0.00%
June 30, 2021	2.16%	-0.05%	2.00%	0.00%	5.50%	0.00%
June 30, 2020	2.21%	-1.29%	2.00%	0.00%	5.50%	0.00%
June 30, 2019	3.50%	-0.37%	2.00%	0.00%	5.50%	0.00%
June 30, 2018	3.87%		2.00%		5.50%	

**SUPPLEMENTARY INFORMATION**

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>REVENUES</b>			
<b>Taxes:</b>			
Ad valorem - industry	\$ 127,700	\$ 127,709	\$ 9
Ad valorem - other	1,067,500	1,067,520	20
Occupancy tax	345,000	131,145	(213,855)
Beer tax	16,200	16,200	-
Sales and use tax	<u>11,743,600</u>	<u>11,879,828</u>	<u>136,228</u>
Total taxes	<u>13,300,000</u>	<u>13,222,402</u>	<u>(77,598)</u>
<b>Licenses and permits:</b>			
Occupational licenses	440,000	438,553	(1,447)
Building permits	65,900	65,065	(835)
Electrical contractor license	12,000	11,850	(150)
Electrical permits	25,300	25,242	(58)
Other contractor license	34,100	33,717	(383)
Other permits	<u>53,800</u>	<u>53,685</u>	<u>(115)</u>
Total licenses and permits	<u>631,100</u>	<u>628,112</u>	<u>(2,988)</u>
<b>Intergovernmental:</b>			
City Parish street maintenance	120,000	129,055	9,055
Grant - other	187,000	2,300,543	2,113,543
Transportation fund	7,000	8,336	1,336
Fire District #1	660,000	660,586	586
Grant - Police Department	<u>10,000</u>	<u>10,250</u>	<u>250</u>
Total intergovernmental	<u>984,000</u>	<u>3,108,770</u>	<u>2,124,770</u>

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>Charges for services:</b>			
Park revenue	85,000	94,357	9,357
Inspection fees	20,000	23,206	3,206
Public works fees	7,800	7,780	(20)
Refuse collection charges	1,770,000	1,772,974	2,974
Refuse billing fees	<u>15,600</u>	<u>17,214</u>	<u>1,614</u>
Total charges for services	<u>1,898,400</u>	<u>1,915,531</u>	<u>17,131</u>
<b>Commissions:</b>			
Cable franchise fee	192,000	191,920	(80)
Sale of electricity	1,047,000	1,046,894	(106)
Sale of insurance	<u>431,000</u>	<u>467,852</u>	<u>36,852</u>
Total commissions	<u>1,670,000</u>	<u>1,706,666</u>	<u>36,666</u>
<b>Fines and forfeitures:</b>			
Fines	<u>325,000</u>	<u>347,631</u>	<u>22,631</u>
Total fines and forfeitures	<u>325,000</u>	<u>347,631</u>	<u>22,631</u>
<b>Miscellaneous:</b>			
Interest income	149,400	189,481	40,081
Marshall's fund	55,000	94,753	39,753
Prosecuter's fund	50,000	96,113	46,113
Sale of equipment	100,000	128,006	28,006
Park revenue	119,000	119,026	26
Fire	-	1,453	1,453
Police	300,000	302,477	2,477
All others	<u>280,200</u>	<u>1,135,108</u>	<u>854,908</u>
Total miscellaneous	<u>1,053,600</u>	<u>2,066,417</u>	<u>1,012,817</u>
Total revenues	<u>19,862,100</u>	<u>22,995,529</u>	<u>3,133,429</u>

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT:</b>			
<b>Finance:</b>			
Salaries - administrative	597,600	596,066	1,534
FICA and medicare	10,200	10,114	86
Worker's compensation	300	225	75
Retirement	143,700	143,666	34
Health insurance	52,300	56,259	(3,959)
Phone allowance	1,500	1,440	60
Professional services	85,500	108,998	(23,498)
Contracts and services	424,300	409,686	14,614
Office expense	10,200	10,160	40
Utilities	14,700	14,669	31
Postage	6,000	6,035	(35)
Telephone	11,400	11,332	68
Insurance	151,200	219,915	(68,715)
Official journal	29,600	29,582	18
Bank fees	5,000	4,962	38
Travel	2,600	2,588	12
Trainings and seminars	3,500	3,409	91
Uniforms	100	44	56
Dues, donations, and subscriptions	10,200	10,121	79
Repairs and maintenance	80,000	73,325	6,675
Capital outlay	200,000	132,430	67,570
Miscellaneous	459,600	1,267,289	(807,689)
Total finance	2,299,500	3,112,315	(812,815)

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>Beautification:</b>			
Salary	113,900	114,137	(237)
FICA and Medicare	2,200	1,657	543
Health insurance	6,100	5,431	669
Worker's compensation insurance	200	36	164
Contract services	112,000	128,193	(16,193)
Miscellaneous	9,100	9,384	(284)
Vehicle expense	200	200	-
Beautification retirement	18,200	17,268	932
Beautification supplies	7,000	7,129	(129)
	<u>268,900</u>	<u>283,435</u>	<u>(14,535)</u>
<b>Total beautification</b>			
<b>Public Relations:</b>			
Wages	1,000	1,016	(16)
Animal control fees	86,000	85,960	40
FICA and medicare	-	16	(16)
Worker's compensation	-	2	(2)
Mayor's prayer breakfast	4,300	4,214	86
Economic development	73,700	78,433	(4,733)
Open house	47,000	47,266	(266)
Public relations expense	85,200	89,050	(3,850)
Food pantry	9,300	9,243	57
	<u>306,500</u>	<u>315,200</u>	<u>(8,700)</u>
<b>Total public relations</b>			

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>Mayor:</b>			
Mayor's wages	87,500	86,945	555
Employee salary	42,500	42,500	-
Wages regular	-	430	(430)
FICA and Medicare	1,900	1,744	156
Telephone	4,000	3,738	262
Vehicle expenses	1,900	1,933	(33)
Vehicle maintenance	600	668	(68)
Miscellaneous	4,000	3,759	241
Retirement	38,400	38,186	214
LMA convention	500	45	455
Travel	4,500	4,019	481
Health insurance	32,600	32,709	(109)
Worker's compensation insurance	200	191	9
	<u>218,600</u>	<u>216,867</u>	<u>1,733</u>
<b>Commissions and boards:</b>			
Salaries	151,500	151,512	(12)
FICA and Medicare	3,300	3,308	(8)
Worker's compensation insurance	400	390	10
Retirement	38,400	38,440	(40)
Health insurance	20,400	20,380	20
Professional services	10,000	3,983	6,017
Office supplies	1,900	1,897	3
Training	1,700	1,695	5
Miscellaneous	15,800	14,768	1,032
Contract services	186,600	216,789	(30,189)
	<u>430,000</u>	<u>453,162</u>	<u>(23,162)</u>

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>Council:</b>			
Salaries	19,000	19,000	-
Council's salary	52,000	52,195	(195)
FICA and Medicare	5,500	5,446	54
Travel	1,000	381	619
LMA convention	2,000	-	2,000
Miscellaneous	1,500	1,331	169
Worker's compensation insurance	200	55	145
	<u>81,200</u>	<u>78,408</u>	<u>2,792</u>
<b>Total council</b>			
<b>Museum:</b>			
Salaries	2,600	2,600	-
FICA and medicare	-	199	(199)
Worker's compensation insurance	100	1	99
Contractual services	12,000	12,000	-
Office supplies	200	124	76
Utilities	13,200	11,956	1,244
Telephone	600	563	37
Repairs and maintenance	3,000	2,634	366
Capital outlay	115,000	-	115,000
Miscellaneous	400	371	29
	<u>147,100</u>	<u>30,448</u>	<u>116,652</u>
<b>Total museum</b>			

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>Inspection:</b>			
Salaries	172,500	171,964	536
FICA and medicare	3,700	3,606	94
Worker's compensation insurance	300	292	8
Retirement	45,100	45,007	93
Health insurance	37,100	37,058	42
Contractual services	1,400	1,170	230
Office supplies	3,000	2,700	300
Telephone	3,300	3,230	70
Travel	500	415	85
Trainings and seminars	200	125	75
Uniforms	300	180	120
Dues and subscriptions	400	100	300
Vehicle maintenance	2,500	1,361	1,139
Repairs and maintenance	8,000	9,342	(1,342)
Miscellaneous	2,900	1,739	1,161
	<u>281,200</u>	<u>278,289</u>	<u>2,911</u>
Total inspection			
	<u>4,033,000</u>	<u>4,768,124</u>	<u>(735,124)</u>
<b>COURT:</b>			
<b>Clerk of Court:</b>			
Salary	253,900	251,219	2,681
FICA and Medicare	7,100	6,370	730
Court retirement	59,700	59,611	89
Health insurance	25,000	24,920	80
Worker's compensation insurance	200	53	147
Miscellaneous	18,000	19,038	(1,038)
	<u>363,900</u>	<u>361,211</u>	<u>2,689</u>
Total clerk of court			

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>Judge:</b>			
Salary	8,900	8,882	18
FICA and Medicare	100	129	(29)
Retirement	4,000	3,970	30
Health insurance	3,100	2,553	547
Worker's compensation insurance	100	9	91
Total judge	<u>16,200</u>	<u>15,543</u>	<u>657</u>
<b>Probation:</b>			
Salary	15,000	14,578	422
FICA and Medicare	200	207	(7)
Health insurance	5,200	5,689	(489)
Worker's compensation insurance	100	9	91
Total probation	<u>20,500</u>	<u>20,483</u>	<u>17</u>
<b>Prosecutor:</b>			
Salary	91,000	91,141	(141)
FICA and Medicare	6,500	6,419	81
Worker's compensation insurance	100	28	72
Retirement	3,800	2,636	1,164
Office supplies	2,000	1,326	674
Miscellaneous	200	126	74
Total prosecutor	<u>103,600</u>	<u>101,676</u>	<u>1,924</u>
<b>Marshall:</b>			
Salary	35,000	33,311	1,689
FICA and Medicare	2,800	2,548	252
Worker's compensation insurance	100	156	(56)
Miscellaneous	-	94	(94)
Total marshall	<u>37,900</u>	<u>36,109</u>	<u>1,791</u>
Total court	<u>542,100</u>	<u>535,022</u>	<u>7,078</u>

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>PUBLIC SAFETY:</b>			
<b>Police:</b>			
Salaries	2,893,900	2,862,489	31,411
FICA and Medicare	53,400	53,311	89
Office expense	85,000	79,756	5,244
Chief's expense	2,500	2,460	40
Utilities	19,300	19,227	73
Vehicle expense	743,000	341,652	401,348
Supplies and maintenance	10,200	10,150	50
Health insurance	650,000	650,000	-
Worker's compensation insurance	5,200	5,202	(2)
Telephone	110,800	110,725	75
Uniforms	16,500	16,447	53
Reserve deputies	6,900	6,770	130
New hire test	4,000	3,264	736
Retirement	893,000	886,638	6,362
Contracts and services	20,000	14,326	5,674
Computer expense	200,000	91,600	108,400
Dues, donations, and subscriptions	3,900	3,832	68
Travel and seminars	57,400	49,534	7,866
Professional services - legal	45,000	32,648	12,352
Building repairs and maintenance	25,000	23,312	1,688
Capital outlay	7,060,000	7,601,720	(541,720)
Miscellaneous	26,200	26,095	105
<b>Total police</b>	<b>12,931,200</b>	<b>12,891,158</b>	<b>40,042</b>

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>Fire:</b>			
Salaries	3,233,100	3,199,402	33,698
FICA and Medicare	51,300	51,276	24
Retirement	971,400	971,391	9
Health insurance	591,000	596,849	(5,849)
Office supplies	7,300	7,240	60
Volunteer fireman	16,500	16,720	(220)
Utilities	36,100	36,054	46
Vehicle expense	320,000	249,252	70,748
Supplies and maintenance	41,900	48,800	(6,900)
Worker's compensation insurance	9,000	8,771	229
Telephone	11,200	11,152	48
Uniforms	35,000	36,353	(1,353)
Protective gear	51,500	56,455	(4,955)
Physicals	19,100	19,025	75
Phone allowance	2,000	2,800	(800)
Dues, donations, and subscriptions	800	804	(4)
Contracts and services	21,500	15,412	6,088
Computer expense	40,000	11,781	28,219
Repairs - fire hydrants	135,000	169,646	(34,646)
Building repairs	40,000	52,227	(12,227)
Travel and seminars	30,000	30,090	(90)
Fire prevention	5,900	5,886	14
Professional services - legal	19,000	18,233	767
Capital outlay	747,000	153,425	593,575
Miscellaneous	10,000	9,853	147
	<u>6,445,600</u>	<u>5,778,897</u>	<u>666,703</u>
Total fire			
	<u>6,445,600</u>	<u>5,778,897</u>	<u>666,703</u>
Total public safety	<u>19,376,800</u>	<u>18,670,055</u>	<u>706,745</u>

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>STREETS:</b>			
Salaries	371,900	370,096	1,804
FICA and Medicare	7,800	7,706	94
Worker's compensation insurance	2,000	1,938	62
Retirement	80,000	79,961	39
Health insurance	56,200	56,035	165
Contracts and services	125,000	199,666	(74,666)
DCI expense	60,000	76,107	(16,107)
Office supplies	1,600	1,584	16
Utilities	226,400	224,741	1,659
Telephone	4,500	4,462	38
Uniforms	500	431	69
Vehicle expense	61,000	62,413	(1,413)
Repairs and maintenance	287,000	272,918	14,082
Capital outlay	303,500	113,354	190,146
Miscellaneous	1,500	1,474	26
	<u>1,588,900</u>	<u>1,472,886</u>	<u>116,014</u>
<b>SANITATION:</b>			
Landfill charges	20,000	16,009	3,991
Contracts and services	1,999,000	2,057,343	(58,343)
	<u>2,019,000</u>	<u>2,073,352</u>	<u>(54,352)</u>

**CITY OF ZACHARY, LOUISIANA  
GENERAL FUND**

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

For the year ended June 30, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>RECREATION:</b>			
Salaries	237,800	229,481	8,319
FICA and medicare	6,100	5,744	356
Worker's compensation	900	902	(2)
Retirement	52,400	51,834	566
Health insurance	34,700	33,403	1,297
Phone allowance	500	480	20
Contractual services	19,000	19,371	(371)
Office supplies	2,500	2,745	(245)
Utilities	18,700	22,435	(3,735)
Telephone	4,500	3,803	697
Travel	500	1,416	(916)
Training	500	675	(175)
Uniforms	500	433	67
Vehicle maintenance	4,000	2,966	1,034
Equipment maintenance	20,000	19,765	235
Capital outlay	250,000	221,662	28,338
Miscellaneous	<u>73,000</u>	<u>82,639</u>	<u>(9,639)</u>
Total recreation	<u>725,600</u>	<u>699,754</u>	<u>25,846</u>
Total expenses	<u>28,285,400</u>	<u>28,219,193</u>	<u>66,207</u>
Total general fund	<u>\$ (8,423,300)</u>	<u>\$ (5,223,664)</u>	<u>\$ 3,067,222</u>

**CITY OF ZACHARY, LOUISIANA  
UTILITY FUND**

**SCHEDULE OF OPERATING EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2024

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>Water Department:</b>			
Salaries	\$ 196,900	\$ 200,825	\$ (3,925)
FICA and Medicare	3,000	3,001	(1)
Worker's compensation insurance	600	576	24
Utilities	175,200	168,457	6,743
Equipment maintenance	38,600	45,503	(6,903)
Vehicle maintenance	1,400	1,312	88
Vehicle fuel	24,800	24,765	35
Repairs and maintenance	759,300	818,440	(59,140)
Telephone	11,900	11,874	26
Retirement	51,000	28,235	22,765
Uniforms	3,100	3,017	83
Health insurance	33,200	33,093	107
Schools, seminars, and travel	8,400	8,334	66
Water tower maintenance	64,500	64,557	(57)
Miscellaneous	4,500	4,502	(2)
Contracts and services	985,000	804,172	180,828
Total water department	2,361,400	2,220,663	140,737

**CITY OF ZACHARY, LOUISIANA  
UTILITY FUND**

**SCHEDULE OF OPERATING EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2024

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>Gas Department:</b>			
Salaries	\$ 196,900	\$ 200,672	\$ (3,772)
FICA and Medicare	3,000	2,998	2
Worker's compensation insurance	600	575	25
Utilities	7,300	7,248	52
Equipment maintenance	37,700	44,772	(7,072)
Vehicle maintenance	1,200	1,174	26
Vehicle fuel	24,400	24,435	(35)
Repairs and maintenance	247,500	250,841	(3,341)
Purchase of gas	1,002,100	902,185	99,915
Telephone	11,900	11,910	(10)
Retirement	51,000	28,216	22,784
Uniforms	3,200	3,194	6
Health insurance	33,200	33,103	97
Schools, seminars, and travel	23,800	23,815	(15)
Miscellaneous	300	207	93
Contracts and services	<u>235,000</u>	<u>255,883</u>	<u>(20,883)</u>
Total gas department	<u>1,879,100</u>	<u>1,791,228</u>	<u>87,872</u>

**CITY OF ZACHARY, LOUISIANA  
UTILITY FUND**

**SCHEDULE OF OPERATING EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2024

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>Sewer Department:</b>			
Salaries	\$ 196,900	\$ 200,854	\$ (3,954)
FICA and Medicare	3,000	3,005	(5)
Worker's compensation insurance	600	580	20
Utilities	51,000	50,773	227
Equipment maintenance	42,200	44,509	(2,309)
Vehicle maintenance	1,500	1,815	(315)
Vehicle fuel	25,000	27,965	(2,965)
Repairs and maintenance	137,300	100,339	36,961
Sewer rehab	73,800	73,714	86
Telephone	10,200	10,129	71
Retirement	50,900	28,232	22,668
Uniforms	3,500	3,163	337
Health insurance	33,100	33,082	18
Schools, seminars, and travel	4,800	-	4,800
Miscellaneous	1,600	1,474	126
Contracts and services	<u>614,000</u>	<u>642,882</u>	<u>(28,882)</u>
Total sewer department	<u>1,249,400</u>	<u>1,222,516</u>	<u>26,884</u>

**CITY OF ZACHARY, LOUISIANA  
UTILITY FUND**

**SCHEDULE OF OPERATING EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2024

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>Meters:</b>			
Equipment maintenance	20,550	21,410	(860)
Vehicle fuel	12,250	12,907	(657)
Repairs and maintenance	300	264	36
Supplies	1,500	1,585	(85)
Miscellaneous	3,500	2,529	971
Contracts and services	<u>270,000</u>	<u>262,079</u>	<u>7,921</u>
Total meters	<u>308,100</u>	<u>300,774</u>	<u>7,326</u>
<b>Warehouse:</b>			
Salaries	\$ 234,300	\$ 234,309	\$ (9)
FICA and Medicare	3,500	3,429	71
Worker's compensation insurance	500	425	75
Utilities	11,000	8,371	2,629
Vehicle fuel	-	58	(58)
Repairs and maintenance	42,500	42,040	460
Telephone	4,400	4,330	70
Retirement	58,200	31,656	26,544
Uniforms	1,000	396	604
Health insurance	29,500	28,892	608
Supplies	3,000	4,366	(1,366)
Miscellaneous	<u>2,300</u>	<u>3,077</u>	<u>(777)</u>
Total warehouse	<u>390,200</u>	<u>361,349</u>	<u>28,851</u>
<b>Cashiers and billings:</b>			
Salaries	173,500	176,174	(2,674)
FICA and Medicare	3,000	2,753	247
Worker's compensation insurance	200	51	149
Office supplies	6,200	6,902	(702)
Schools and seminars	-	-	-
Uniforms	600	547	53
Miscellaneous	2,500	2,482	18
Retirement	49,200	26,974	22,226
Health insurance	<u>13,900</u>	<u>13,747</u>	<u>153</u>
Total cashiers and billings	<u>249,100</u>	<u>229,630</u>	<u>19,470</u>

**CITY OF ZACHARY, LOUISIANA  
UTILITY FUND**

**SCHEDULE OF OPERATING EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL BY DEPARTMENT**

For the year ended June 30, 2024

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>General and administrative:</b>			
Salaries	306,400	311,940	(5,540)
FICA and Medicare	4,900	4,807	93
Worker's compensation insurance	300	216	84
Health insurance	60,900	60,808	92
Retirement	85,500	46,753	38,747
Bill printing	101,000	100,607	393
Supplies	5,200	5,166	34
Bank fees	10,000	9,961	39
Computer expense	53,600	47,280	6,320
Professional services	77,500	76,942	558
Repairs and maintenance	37,000	37,433	(433)
Property and liability insurance	566,000	426,636	139,364
Vehicle lease	210,000	5,367	204,633
Depreciation and amortization	2,150,000	2,435,268	(285,268)
Interest	107,000	145,841	(38,841)
Miscellaneous	5,200	5,043	157
Contracts and services	121,000	113,351	7,649
	<u>3,901,500</u>	<u>3,833,419</u>	<u>68,081</u>
Total general and administrative			
	<u>\$ 10,338,800</u>	<u>\$ 9,959,579</u>	<u>\$ 379,221</u>
Total expenses			

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

For the year ended June 30, 2024

**Agency Head:** David McDavid, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 86,945
Benefits - insurance	13,445
Benefits - retirement	25,649
Travel	4,019
Phone allowance	475
	<u>\$ 130,533</u>

**CITY OF ZACHARY, LOUISIANA**  
**JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY**  
**AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION**

For the year ended June 30, 2024

	<b>First Six Month Period Ending December 31, 2023</b>	<b>Second Six Month Period Ending June 30, 2024</b>
<b>BEGINNING BALANCE OF AMOUNTS COLLECTED</b>	\$ 282,368	\$ 314,723
<b>COLLECTIONS</b>		
Civil Fees	89,400	128,254
Prosecutor Diversion Program Fees	3,700	38,975
Criminal Court Costs/Fees	42,308	42,305
Criminal Fines - Contempt/Bench Warrant Fees	24,184	53,936
Criminal Fines - City of Zachary	187,904	157,229
Criminal Judicial Building Fund	13,470	11,650
Probation/Parole/Supervision Fees	1,963	1,287
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	800	8,028
<b>TOTAL COLLECTIONS</b>	<b>363,728</b>	<b>441,663</b>
<b>DISBURSEMENTS TO GOVERNMENTS AND NON-PROFITS:</b>		
Ascension Parish Sheriff, Civil Fees	233	46
Calcasieu Parish Sheriff	89	100
East Baton Rouge Sheriff, Civil Fees	7,985	10,374
East Feliciana Sheriff, Civil Fees	758	882
Jefferson, Civil Fees	-	30
Lafayette Parish Sheriff, Civil Fees	-	167
Livingston Parish, Civil Fees	152	63
Marshal, Civil Fees	3,775	8,140
Orleans- Civil	60	90
Plaquemines, Civil Fees	30	-
Pointe Coupee, Civil Fees	189	-
Rapides Parish Sheriff, Civil Fees	-	175
St. Helena, Civil Fees	75	103
St. John The Baptist, Civil Fees	35	71
St. Landry, Civil Fees	-	32
St. Tammany	113	281
Tangipahoa	76	54
West Baton Rouge	106	76
West Feliciana	372	127
Act 654- Head Trauma, LDHH-THSCI	5,251	3,928
Act-440 Law Enforcement Training, Criminal	49	106
Indigent Defender Fund(Office of Public Defender), Criminal Fines and Fees	61,990	48,598
Art 887f(1) Case Management (Treasurer, State of Louisiana- CMIS), Criminal Fines	4,041	3,221
Act 250- Crime Victims Rep Fund (LA Commission on Law Enforcement), Criminal Fines	202	293
City Prosecutor (City of Zachary)	675	343
Zachary Police Department, Criminal Miscellaneous Fees	612	250
City of Zachary Fine, Criminal Fines	41,298	34,338
Art 887C.1 PEI Machine (Louisiana State Police), Criminal Fines and Fees	-	25
Art 887C- Zachary Police Department (City of Zachary) Criminal Fines and Fees	-	23
Act 832- Drug Abuse Education (Louisiana Commission on Law Enforcement), Criminal	300	1,000
Act 440- City of Zachary (2%), Criminal Fines and Fees		
Act 405 Judicial College Fund (Louisiana Supreme Court), Criminal Fines and Fees	676	535
<b>TOTAL DISBURSEMENTS</b>	<b>129,140</b>	<b>113,468</b>
<b>AMOUNTS RETAINED BY COLLECING AGENCIES:</b>		
Civil Fee Refunds	4,181	20,645
Bond Fee Refunds	3,300	3,550
Criminal Cash Bonds Collected	1,300	255
<b>TOTAL DISBURSEMENTS / RETAINAGE</b>	<b>137,921</b>	<b>137,918</b>
<b>TOTAL ENDING BALANCE OF AMOUNTS COLLECTED AND NOT DISBURSED</b>	<b>\$ 508,175</b>	<b>\$ 618,468</b>

**PERFORMANCE AND STATISTICAL DATA**

**CITY OF ZACHARY, LOUISIANA**  
**SCHEDULE OF INSURANCE IN FORCE**  
**(UNAUDITED)**

June 30, 2024

<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Type of Coverage</u>	<u>Coverage Limits</u>
Princeton Excess	11/1/2024	General Liability	\$2,000,000
Princeton Excess	11/1/2024	Employee Practices Liability	\$2,000,000
Princeton Excess	11/1/2024	Automobile Liability	\$2,000,000
Princeton Excess	11/1/2024	Law Enforcement Liability	\$2,000,000
Princeton Excess	11/1/2024	Public Official Liability	\$2,000,000
Western Surety	11/1/2024	Crime	
		Employee Theft	\$250,000
		Forgery / Alteration	\$250,000
		Money & Securities	
		Inside Premises	\$10,000
		Outside Premises	\$5,000
		Computer Fraud	\$250,000
		Funds Transfer Fraud	\$250,000
Louisiana Workers Compensation Corp.	1/1/2025	Workers Compensation	Statutory Limits
AmGuard Insurance	11/1/2024	Auto Physical Damage & Scheduled Autos	ACV

**CITY OF ZACHARY, LOUISIANA**  
**SCHEDULE OF UTILITY STATISTICS**  
**(UNAUDITED)**

For the years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Gas:</b>		
Gas sales	\$ 2,936,098	\$ 3,381,501
Gas purchased	\$ 902,185	\$ 1,463,851
MCF gas sold	255,362	246,479
Average monthly customers	5,659	5,594
MCF gas purchased	273,447	254,384
MCF gas unaccounted for	18,086	7,905
Average monthly billing per customer	\$ 43.24	\$ 50.37
<b>Water:</b>		
Water sales	\$ 3,368,490	\$ 2,776,993
Thousands of gallons of water sold	952,994	838,988
Average monthly customers	8,737	8,635
Average monthly billing per customer	\$ 32.13	\$ 26.80
<b>Sewer:</b>		
Sewer sales	\$ 1,579,202	\$ 1,464,722
Number of customers at year end	6,211	6,322
Average monthly billing per customer	\$ 21.19	\$ 19.31

**OTHER INDEPENDENT AUDITORS' REPORTS**

**CITY OF ZACHARY, LOUISIANA**

For the year ended June 30, 2024

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

The Honorable Mayor and  
Members of the City Council,  
City of Zachary, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF ZACHARY, LOUISIANA (CITY)** as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 17, 2024.

**Internal Control over Financial Reporting**

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

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

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

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

As part of obtaining reasonable assurance about whether the City's financial statements are free 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under the *Louisiana Governmental Audit Guide* and *Government Auditing Standards*.

## **Purpose of this Report**

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

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

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
December 17, 2024

**CITY OF ZACHARY, LOUISIANA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

For the year ended June 30, 2024

**1) Summary of Auditors' Results:**

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

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

Material weaknesses: **None.**

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

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

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

**4) FINDINGS – FINANCIAL STATEMENT**

**None.**

**5) FINDINGS – NONCOMPLIANCE**

**None.**

**CITY OF ZACHARY, LOUISIANA**

**SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

For the year ended June 30, 2024

There were none.



## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor and  
Members of the City Council,  
City of Zachary, Louisiana

We have examined **THE CITY OF ZACHARY'S (CITY)** compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2024 OMB Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended June 30, 2024. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2024.

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

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

### **Intended Purpose**

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2024. Accordingly, this report is not suitable for any other purpose.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
December 17, 2024

**Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures**

**CITY OF ZACHARY, LOUISIANA**

For the year ended June 30, 2024

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

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. The **CITY OF ZACHARY, LOUISIANA'S** (the City) management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. 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:***

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- A. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the 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.
  - iii. ***Disbursements***, including processing, reviewing, and approving.
  - 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).
  - v. ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

- 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.
- vii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- 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.

**2. Board or Finance Committee:**

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- A. Obtain and inspect the board/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 whether the managing board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - 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.
  - iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted 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.

### ***3. Bank Reconciliations:***

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- 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 selected each 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, electronically logged);
  - ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within one month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
  - iii. Management has documentation reflecting that 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 fund transfers):***

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- 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 (i.e. 5 collection locations for 5 deposit sites). Obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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 that are responsible for cash collections do not share cash drawers/registers.
  - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - 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 are not responsible for collecting cash, unless another employee 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 the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A under "Bank Reconciliations" above (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). *Alternately, 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 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 credit card purchases, travel reimbursements, and petty cash purchases):***

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- 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).
- B. For each location selected under #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, 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/making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - 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;
  - 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

- 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.
- C. For each location selected under #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 matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, and
  - ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.
- 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.

***6. Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (cards):***

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- 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:
- i. Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]; and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #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 (i.e. each card should have 10 transactions subject to testing). 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 note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased security.

***7. Travel and Travel-Related Expense Reimbursement (excluding card transactions):***

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- 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, 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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://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 policy and procedures #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***8. Contracts:***

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- 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. 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 that 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 that 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, was approval documented); 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:***

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- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/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/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
  - i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.);
  - ii. Observe that supervisors approved the attendance and leave of the selected employees/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 agree to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee and officials' authorized pay rates in the employee or officials' 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, and workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

## ***10. Ethics:***

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- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period; and
  - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

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

***11. Debt Service:***

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- 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).

***12. Fraud Notice:***

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- 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.
- 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.

***13. Information Technology Disaster Recovery/Business Continuity:***

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

- B. 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.
- C. 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

*We performed the procedure and discussed the results with management.*

#### ***14. Prevention of Sexual Harassment:***

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

**CITY OF ZACHARY, LOUISIANA**

**SCHEDULE OF ASSOCIATED FINDINGS**

For the year ended June 30, 2024

***Associated Findings:***

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No associated findings were found as a result of applying the procedures listed above, except as follows:

***4. Collections:***

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**D (iv)** Of the five bank accounts selected, one had two deposits not made within one business day of receipt at the collection location.

***5. Non-Payroll Disbursements:***

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**B (iii)** One employee who is responsible for processing payments is not prohibited from adding/modifying vendor files.

***7. Travel Reimbursements:***

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**A (i)** Of the five travel reimbursements selected, one reimbursement was in excess of the per diem rate established by the US General Service Administration.

***Management's Response:***

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Management of the City concurs with the exceptions identified. Management's responses are located on Page 13 of this document.

We were engaged by **CITY OF ZACHARY, LOUISIANA** 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 ZACHARY, LOUISIANA** 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.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
October 4, 2024

October 16, 2024

Mr. Jacob Waguespack  
Faulk & Winkler LLC  
6811 Jefferson Highway  
Baton Rouge, LA 70806

Dear Mr. Waguespack:

I am writing to respond to your report dated October 4, 2024 to the Louisiana Legislative Auditor in regard to Statewide Agreed-Upon Procedures. I understand that my response is not required, but as the Chief Financial Officer it is important to me that I address and correct the findings from your report.

Finding 1:

4. Collections:

*D (iv) Of the five bank accounts selected, one had two deposits not made within one business day of receipt at the collection location.*

Response: I have spoken to Quawanda Jackson, the Clerk of Court of Zachary City Court. She has been instructed to change her procedure and make deposits within one business day of the receipt of cash.

Finding 2:

5. Non-Payroll Disbursements:

B(iii) One employee who is responsible for processing payments is not prohibited from adding/modifying vendor files.

Response: We have created a "vendor change form" that will be signed by two employees before any changes are made to a vendor file after it is created by the purchasing department (see attached).

Finding 3:

7. Travel Reimbursement:

*A(i) Of the five travel reimbursements selected, one reimbursement was in excess of the per diem rate established by the US General Service Administration.*

Response: Accounting staff have been educated on the proper calculation of the per diem rate.

Thank you for the opportunity to respond to your findings. It is always my goal to completely follow the procedures set out by the Louisiana Legislative Auditor.

Sincerely,

City of Zachary



Deanna A. Mankins, C.P.A.  
Chief Financial Officer

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**MAYOR: DAVID MCDAVID**

COUNCIL:  
BRANDY WESTMORELAND | DISTRICT 1

JOHN LEBLANC | DISTRICT 2  
AMBRE DEVIRGILIO | DISTRICT 3

JAMES GRAVES | DISTRICT 4  
JENNIFER BOYD | DISTRICT 5