
TOWN OF PEARL RIVER, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2023

RICHARD  CPAS

TOWN OF PEARL RIVER, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2023

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
<u>INDEPENDENT AUDITOR’S REPORT</u>	1-3
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Governmental Funds	
Balance Sheet	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	9
Proprietary Funds	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	13-29

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	30
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Police Fund	31
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Fund	32
<u>ADDITIONAL SUPPLEMENTARY INFORMATION</u>	
Schedule of Operating Expenses – Proprietary Funds	33
Schedule of Compensation, Benefits, and Other Payments to the Members of the Board of Aldermen	34
Schedule of Compensation, Benefits, and Other Payments to the Agency Head	35
Justice System Funding Schedule – Collecting Disbursing Entity	36-37
<u>REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i></u>	
Independent Auditor’s 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>	38-39
Schedule of Findings and Responses	40
Schedule of Prior Audit Findings	41

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Board of Aldermen
Town of Pearl River, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pearl River, Louisiana (the Town), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town'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 budgetary comparison information on pages 30 through 32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management’s discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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 historic context. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The Schedule of Operating Expenses – Proprietary Funds, Schedule of Compensation, Benefits, and other payments to the Members of the Board of Aldermen, the Schedule of Compensation, Benefits, and Other Payments to the Agency Head, and the 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 related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Expenses – Proprietary Funds, Schedule of Compensation Paid to Members of the Board of Aldermen, the Schedule of Compensation, Benefits, and Other Payments to the Agency Head, and the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2024, on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 30, 2024

TOWN OF PEARL RIVER, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,210,167	\$ 1,857,717	\$ 7,067,884
Restricted cash - debt service	-	76,840	76,840
Restricted cash - federal	-	31,695	31,695
Receivables			
Water and sewer, net	-	182,223	182,223
Ad valorem taxes, net	136,487	-	136,487
Sales taxes	419,363	50,942	470,305
Franchise taxes	60,860	-	60,860
Internal balances	(36,588)	36,588	-
Prepaid items	55,521	3,662	59,183
Capital assets not being depreciated	104,377	1,060,718	1,165,095
Capital assets depreciated, net	1,824,361	7,296,709	9,121,070
Total assets	<u>\$ 7,774,548</u>	<u>\$ 10,597,094</u>	<u>\$ 18,371,642</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 65,200	\$ 540,945	\$ 606,145
Retainage payable	-	44,272	44,272
Accrued payroll	70,977	8,193	79,170
Accrued interest	-	7,765	7,765
Unearned revenue	3,819	32,228	36,047
Compensated absences payable	55,797	-	55,797
Non-current liabilities			
Due within one year	54,740	212,000	266,740
Due in more than one year	144,651	2,798,444	2,943,095
Total liabilities	<u>\$ 395,184</u>	<u>\$ 3,643,847</u>	<u>\$ 4,039,031</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 1,729,347	\$ 5,346,983	\$ 7,076,330
Restricted for:			
Capital projects	2,542,409	-	2,542,409
Debt service	-	76,840	76,840
Maintenance and operations	379,777	-	379,777
Unrestricted net position	<u>2,727,831</u>	<u>1,529,424</u>	<u>4,257,255</u>
Total net position	<u>\$ 7,379,364</u>	<u>\$ 6,953,247</u>	<u>\$ 14,332,611</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PEARL RIVER, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

FUNCTIONS/PROGRAMS	Program Revenues				Net Revenue (Expense) and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 770,548	\$ -	\$ 23,115	\$ -	\$ (747,433)	\$ -	\$ (747,433)
Public safety	1,675,845	-	245,166	-	(1,430,679)	-	(1,430,679)
Public works	727,170	-	-	9,225	(717,945)	-	(717,945)
Recreation	20,173	-	-	-	(20,173)	-	(20,173)
Total governmental activities	<u>3,193,736</u>	<u>-</u>	<u>268,281</u>	<u>9,225</u>	<u>(2,916,230)</u>	<u>-</u>	<u>(2,916,230)</u>
BUSINESS-TYPE ACTIVITIES							
Utilities	1,031,481	787,128	-	621,377	-	377,024	377,024
Interest on debt	26,150	-	-	-	-	(26,150)	(26,150)
Total business-type activities	<u>1,057,631</u>	<u>787,128</u>	<u>-</u>	<u>621,377</u>	<u>-</u>	<u>350,874</u>	<u>350,874</u>
Total	<u>\$ 4,251,367</u>	<u>\$ 787,128</u>	<u>\$ 268,281</u>	<u>\$ 630,602</u>	<u>(2,916,230)</u>	<u>350,874</u>	<u>(2,565,356)</u>
Taxes							
Sales taxes					2,184,890	261,219	2,446,109
Ad valorem taxes					259,249	-	259,249
Franchise taxes					254,333	-	254,333
Licenses and permits					137,148	-	137,148
Fines and forfeitures					590,533	-	590,533
Insurance licenses					133,165	-	133,165
Other miscellaneous revenue					57,567	-	57,567
Proceeds from insurance reimbursements					17,085	-	17,085
Investment earnings					16,567	6,482	23,049
Proceeds from sale of fixed assets					25,618	-	25,618
Transfers					(59,440)	59,440	-
Total general revenues and transfers					<u>3,616,715</u>	<u>327,141</u>	<u>3,943,856</u>
Change in net position					700,485	678,015	1,378,500
Net position, beginning of year					<u>6,678,879</u>	<u>6,026,598</u>	<u>12,705,477</u>
Prior period adjustment					-	248,634	248,634
Net position, end of year					<u>\$ 7,379,364</u>	<u>\$ 6,953,247</u>	<u>\$ 14,332,611</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PEARL RIVER, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue Funds				Total Governmental Funds
	General Fund	Police Fund	Street Fund	Non-Major Fund	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 2,576,549	\$ 164,816	\$ 2,467,892	\$ 910	\$ 5,210,167
Receivables					
Ad valorem taxes, net	136,487	-	-	-	136,487
Sales taxes	-	203,769	215,594	-	419,363
Franchise taxes	60,860	-	-	-	60,860
Due from other funds	5,789	92,331	4,242	39,085	141,447
Prepaid expenses	10,045	36,995	8,481	-	55,521
<u>TOTAL ASSETS</u>	\$ 2,789,730	\$ 497,911	\$ 2,696,209	\$ 39,995	\$ 6,023,845
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts payable	\$ 25,952	\$ 34,504	\$ 4,744	\$ -	\$ 65,200
Accrued payroll	13,590	42,816	14,571	-	70,977
Unearned revenue	-	3,819	-	-	3,819
Due to other funds	52,031	-	126,004	-	178,035
<u>TOTAL LIABILITIES</u>	91,573	81,139	145,319	-	318,031
<u>FUND BALANCES</u>					
Nonspendable					
Prepaid items	10,045	36,995	8,481	-	55,521
Restricted					
Capital projects	-	-	2,542,409	-	2,542,409
Maintenance and operations	-	379,777	-	-	379,777
Unassigned	2,688,112	-	-	39,995	2,728,107
<u>TOTAL FUND BALANCES</u>	2,698,157	416,772	2,550,890	39,995	5,705,814
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ 2,789,730	\$ 497,911	\$ 2,696,209	\$ 39,995	\$ 6,023,845

The accompanying notes are an integral part of these financial statements.

TOWN OF PEARL RIVER, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total governmental fund balances \$ 5,705,814

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

Capital assets are not reported in the fund financial statements because they are not current financial resources, but they are reported in the government-wide statement of net position

Cost of capital assets	\$ 4,285,713	
Less: Accumulated depreciation	<u>(2,356,975)</u>	1,928,738

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

Compensated absences payable	(55,797)
Capital lease payable - 2023 police vehicles	(190,519)
Capital lease payable	<u>(8,872)</u>

Net position of governmental activities	<u>\$ 7,379,364</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF PEARL RIVER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds				Total Governmental Funds
	General Fund	Police Fund	Street Fund	Non-Major Fund	
REVENUES					
Taxes					
Sales taxes	\$ -	\$ 1,044,876	\$ 1,140,014	\$ -	\$ 2,184,890
Ad valorem	259,249	-	-	-	259,249
Franchise taxes	254,333	-	-	-	254,333
Licenses and permits	137,148	-	-	-	137,148
Fines and forfeitures	590,533	-	-	-	590,533
Insurance licenses	133,165	-	-	-	133,165
Grants and reimbursements	27,551	245,166	9,225	-	281,942
Other revenues	31,320	19,529	6,718	-	57,567
Proceeds from insurance reimbursements	17,085	-	-	-	17,085
Interest income	9,141	352	7,071	3	16,567
Total revenues	<u>1,459,525</u>	<u>1,309,923</u>	<u>1,163,028</u>	<u>3</u>	<u>3,932,479</u>
EXPENDITURES					
Current					
General government	747,967	-	-	-	747,967
Public safety	-	1,688,842	-	-	1,688,842
Public works	-	-	657,058	-	657,058
Recreation	14,269	-	-	-	14,269
Capital outlay	191,944	254,147	-	-	446,091
Total expenditures	<u>954,180</u>	<u>1,942,989</u>	<u>657,058</u>	<u>-</u>	<u>3,554,227</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>505,345</u>	<u>(633,066)</u>	<u>505,970</u>	<u>3</u>	<u>378,252</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of fixed assets	-	25,618	-	-	25,618
Proceeds from capital lease	-	202,694	-	-	202,694
Transfers from other funds	50,520	405,491	-	-	456,011
Transfers to other funds	(482,331)	-	(33,120)	-	(515,451)
Total other financing sources (uses)	<u>(431,811)</u>	<u>633,803</u>	<u>(33,120)</u>	<u>-</u>	<u>168,872</u>
NET CHANGE IN FUND BALANCE	73,534	737	472,850	3	547,124
FUND BALANCES, BEGINNING OF YEAR, RESTATED	<u>2,624,623</u>	<u>416,035</u>	<u>2,078,040</u>	<u>39,992</u>	<u>5,158,690</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,698,157</u>	<u>\$ 416,772</u>	<u>\$ 2,550,890</u>	<u>\$ 39,995</u>	<u>\$ 5,705,814</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PEARL RIVER, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts reported for governmental activities in the statement of activities are different as follows:

Net change in fund balances - total governmental funds	\$	547,124
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense.</p>		
Capital outlays	\$	446,091
Current year depreciation expense		351,077
		<u>(95,014)</u>
Adjustment for revenues recognized in the fund financial statements that were recognized in the governmentwide statements in the prior year		(4,436)
<p>Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of capital leases is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which current year lease payments exceed current year proceeds.</p>		
Compensated absence expense		(11,899)
Capital lease liability - 2023 police vehicles		(202,694)
Payments on capital lease - 2023 police vehicles		12,175
Payments on capital lease - old police vehicles		9,138
		<u>9,138</u>
Change in net position of governmental activities	\$	<u>700,485</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PEARL RIVER, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2023

	Enterprise Funds		Total Proprietary Funds
	Sewer Fund	Water Fund	
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 1,812,363	\$ 45,354	\$ 1,857,717
Restricted cash - debt service	76,840	-	76,840
Restricted cash - federal	31,695	-	31,695
Receivables			
Water and sewer, net	81,202	101,021	182,223
Sales taxes	50,942	-	50,942
Due from other funds	39,012	725,423	764,435
Prepaid items	1,954	1,708	3,662
Total current assets	2,094,008	873,506	2,967,514
Capital assets not being depreciated	1,060,718	-	1,060,718
Capital assets depreciated, net	6,078,852	1,217,857	7,296,709
Total noncurrent assets	7,139,570	1,217,857	8,357,427
Total assets	\$ 9,233,578	\$ 2,091,363	\$ 11,324,941
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 531,865	\$ 9,080	\$ 540,945
Retainage payable	44,272	-	44,272
Accrued payroll	6,118	2,075	8,193
Accrued interest payable	3,655	4,110	7,765
Due to other funds	727,847	-	727,847
State revolving loans	144,000	68,000	212,000
Unearned revenue	32,228	-	32,228
Total current liabilities	1,489,985	83,265	1,573,250
Long-term liabilities			
State revolving loans	2,164,444	634,000	2,798,444
Total liabilities	\$ 3,654,429	\$ 717,265	\$ 4,371,694
<u>NET POSITION</u>			
Net investment in capital assets	\$ 4,831,126	\$ 515,857	\$ 5,346,983
Restricted for debt service	76,840	-	76,840
Unrestricted net position	671,183	858,241	1,529,424
Total net position	\$ 5,579,149	\$ 1,374,098	\$ 6,953,247
Total Liabilities and Net Position	\$ 9,233,578	\$ 2,091,363	\$ 11,324,941

The accompanying notes are an integral part of these financial statements.

TOWN OF PEARL RIVER, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Enterprise Funds		Total Proprietary Funds
	Sewer Fund	Water Fund	
<u>OPERATING REVENUES</u>			
Service fees	\$ 344,508	\$ 402,752	\$ 747,260
Installation fees	2,500	3,012	5,512
Meter fees	-	3,250	3,250
Other revenues	20,123	10,983	31,106
Total revenues	<u>367,131</u>	<u>419,997</u>	<u>787,128</u>
<u>OPERATING EXPENSES</u>			
Depreciation	315,239	125,405	440,644
Sewer system	327,958	-	327,958
Water system	-	151,522	151,522
Administrative and general	62,808	48,549	111,357
Total operating expenses	<u>706,005</u>	<u>325,476</u>	<u>1,031,481</u>
Operating income (loss)	<u>(338,874)</u>	<u>94,521</u>	<u>(244,353)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Sales tax revenue	261,219	-	261,219
Federal grant revenue	621,377	-	621,377
Interest income	6,042	440	6,482
Interest expense	(4,468)	(21,682)	(26,150)
Total nonoperating revenues (expenses)	<u>884,170</u>	<u>(21,242)</u>	<u>862,928</u>
Net gain (loss) before transfers	545,296	73,279	618,575
Transfers in	95,044	-	95,044
Transfers out	-	(35,604)	(35,604)
Total transfers in (out)	<u>95,044</u>	<u>(35,604)</u>	<u>59,440</u>
<u>INCREASE IN NET POSITION</u>	640,340	37,675	678,015
<u>NET POSITION, BEGINNING OF YEAR, RESTATED</u>	<u>4,938,809</u>	<u>1,336,423</u>	<u>6,275,232</u>
<u>NET POSITION, END OF YEAR</u>	<u>\$ 5,579,149</u>	<u>\$ 1,374,098</u>	<u>\$ 6,953,247</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PEARL RIVER, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Enterprise Funds</u>		Total Proprietary Funds
	<u>Sewer Fund</u>	<u>Water Fund</u>	
<u>OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 373,800	\$ 390,039	\$ 763,839
Payments to suppliers	(435,427)	(144,314)	(579,741)
Payments to employees and for benefits	(74,919)	(56,438)	(131,357)
Net cash provided by (used in) operating activities	<u>(136,546)</u>	<u>189,287</u>	<u>52,741</u>
<u>NONCAPITAL FINANCING ACTIVITIES</u>			
Cash received from sales tax	249,754	-	249,754
Interfund transfers and borrowing	456,911	(357,819)	99,092
Net cash provided by (used in) noncapital financing activities	<u>706,665</u>	<u>(357,819)</u>	<u>348,846</u>
<u>CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on state revolving loans	(143,000)	(66,000)	(209,000)
Purchase of capital assets and construction in progress	(231,987)	(15,406)	(247,393)
Proceeds from federal funding	2,000	-	2,000
Proceeds from state funding	-	-	-
Interest paid	(4,468)	(21,682)	(26,150)
Net cash used in capital and related financing activities	<u>(377,455)</u>	<u>(103,088)</u>	<u>(480,543)</u>
<u>INVESTING ACTIVITIES</u>			
Interest received	6,042	440	6,482
Net cash provided by (used in) investing activities	<u>6,042</u>	<u>440</u>	<u>6,482</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>			
	198,706	(271,180)	(72,474)
<u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u>			
	<u>1,722,192</u>	<u>316,534</u>	<u>2,038,726</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>			
	<u>\$ 1,920,898</u>	<u>\$ 45,354</u>	<u>\$ 1,966,252</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>			
Operating income (loss)	\$ (338,874)	\$ 94,521	\$ (244,353)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities (used in):			
Depreciation	315,239	125,405	440,644
Changes in assets and liabilities			
Receivables	6,669	(29,958)	(23,289)
Prepaid items	(427)	99	(328)
Accounts payable	(116,235)	(210)	(116,445)
Accrued payroll	(2,218)	(130)	(2,348)
Compensated absences payable	(700)	(440)	(1,140)
Accrued interest payable	(6,242)	-	(6,242)
Net cash provided by operating activities	<u>\$ (136,546)</u>	<u>\$ 189,287</u>	<u>\$ 52,741</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Summary of Significant Accounting Policies

History and Organization

The Town of Pearl River, Louisiana (the Town) was incorporated in 1906, under the provisions of the Lawrason Act, LRS 33:321. The Town operates under a Mayor-Board of Aldermen form of government. The Town provides police protection, maintenance of streets, and water and sewer services.

Basis of Presentation

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

Reporting Entity

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformity with GASB Codification Section 2100, the Town includes all funds that are controlled by or dependent of the Town, which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation and management or governing authority, and authority to issue debt. Based on these criteria, the Town has determined that there are no component units that are part of the reporting entity.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (based on the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statement) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. This government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government, public safety, public works, recreation, etc.) which are otherwise being supported by general government revenues (sales taxes, ad valorem taxes, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. The Town does not allocate indirect costs. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. The program revenues must be directly associated with the function or business-type activity.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Summary of Significant Accounting Policies (continued)

Program revenues include charges for services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The remaining net expenses (by function or business-type activity) are normally covered by general revenue (sales taxes, ad valorem taxes, and fines and forfeitures, etc.)

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which the funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Town's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statement's governmental activities column, a reconciliation is presented on the page following each statement, which explains the adjustments necessary to transform the fund based financial statements into the governmental activities' column of the government-wide presentation.

Separate financial statements are provided for governmental funds and the Town's proprietary funds. All individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims judgements, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, so, have been recognized as revenues of the current fiscal period. Ad valorem taxes are considered to be susceptible to accrual when levied. Grant funds are considered to be earned when qualifying expenditures are made and all other grant requirements have been met and, accordingly, when such funds are received, they are recorded as deferred inflows until earned. All other revenue items are considered to be measurable and available only when cash is received by the Town.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Summary of Significant Accounting Policies (continued)

Governmental Funds

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources except those that are required to be accounted for in another fund. Revenues are derived primarily from licenses and permits, local taxes, charges for service, and interest income.

Police Fund - This Special Revenue Fund is used to account for 1% sales tax levy dedicated to maintenance and operation of the police department.

Street Fund - This Special Revenue Fund is used to account for 1% sales tax levy dedicated to maintenance and operation of the street department.

The Town reports the following non-major governmental fund:

Storm Fund - This Special Revenue Fund is used to account for storm expenses which have been submitted for reimbursement by FEMA.

Proprietary Funds

The Town also reports two proprietary funds: one which is used to account for the water services and the other for sewer services it provides to the residents and businesses of the Town.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu-of taxes and other charges between the Town's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues for the Town's proprietary funds consist of charges to customers and users of its water and sewer services, respectively. Operating expenses for the Town's proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all government funds, except for the Street Fund, which elected to budget for capital leases only to the extent that principal and interest is expected to be paid. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse. The Town does not utilize encumbrance accounting. All proposed budgets must be completed and submitted to the Town Council no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. The final budget must be adopted before the ensuing fiscal year begins.

The Town adopted a budget on a basis consistent with accounting principles generally accepted in the United States of America for the following funds: General Fund, the Police Fund, and the Street Fund. The Town follows these procedures in establishing the budgetary data reflected in this statement.

- (1) The Mayor, Board of Aldermen, Town Clerk, and other advisory personnel assemble the necessary financial information. The Mayor submits the information for review to the Board of Aldermen at least 45 days prior to January 1st of the upcoming year.
- (2) A public hearing is conducted to obtain taxpayer comments.
- (3) Prior to the beginning of the new fiscal year, the budget is legally enacted by ordinance by the Board of Aldermen.
- (4) Any revisions that alter the total revenues and/or expenditures budgeted for any department, office, agency, or fund must be approved by the Board of Aldermen by ordinance.

Deposits and Investments

Cash includes amounts in demand deposits. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Town may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. The Town was in compliance with the deposit and investment laws and regulations at December 31, 2023.

Cash and cash equivalents consist of cash, as defined above, including restricted cash. Short-term investment in a money market account is stated at amortized cost and is reported as cash equivalents.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Uncollectible amounts due for customers' utility receivables and ad valorem taxes are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectability of the particular receivable. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Outstanding balances between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

Capital outlays are recorded as expenditures in the governmental fund financial statements, and they are recorded as assets in the government-wide financial statements to the extent the Town's capitalization threshold is met. The Town has capitalized its water and sewer infrastructure. The Town capitalizes interest on construction in its proprietary funds.

Capital outlays of the proprietary fund are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis.

All capital assets other than land, for governmental and proprietary funds, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Infrastructure	40 Years
Buildings and Improvements	15-40 Years
Water and Sewer System and Equipment	30 Years
Furniture, Fixtures, and Office Equipment	7 Years
Vehicles	5 Years
Machinery and Equipment	5-15 Years

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Summary of Significant Accounting Policies (continued)

Compensated absences

The Town accrues accumulated unpaid vacation and leave and associated employee related costs when earned by the employee. For governmental funds, a liability for unpaid compensated absences is only recorded if they have matured, for example, as a result of employee's resignation or retirement. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported. The governmental funds had no unpaid liability for compensated absences relating to terminated employees at year end. In proprietary funds, the entire amount of compensated absences is reported as a fund liability. In the government-wide financial statements, the entire compensated absences liability is reported. At December 31, 2023, the Town has recorded a compensated absences payable of \$55,797.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond insurance costs, during the current period.

Fund Equity

Government-Wide and Proprietary Fund Statements

Net Position

The government-wide financial statements and the proprietary funds utilize a net position presentation. Net position is displayed as three components:

Net investment in capital assets represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Also included in the calculation are related bond premiums and discounts and the deferred outflows or inflows of resources on refunding of bonds.

Restricted net position consists of net position with constraints placed on their use by external groups such as creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position represents the net position available for future operations.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Town's policy is to apply restricted net position first.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Summary of Significant Accounting Policies (continued)

Governmental Fund Statements

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

1. *Nonspendable* - This component includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. *Restricted* - This component consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
3. *Committed* - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority which include the ordinances of the Town's Board of Aldermen. Those committed amounts cannot be used for any other purpose unless the Town's Board of Aldermen removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.
4. *Assigned* - This component consists of amounts that are constrained by the Town's Board of Aldermen with intent to be used for specific purposes but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Mayor or the Town's Board of Aldermen's designee established in the Town's Fund Balance Policy.
5. *Unassigned* - This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the Town's Board of Aldermen's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's Board of Aldermen's policy to use committed resources first, then assigned, and then unassigned as they are needed.

Sales Tax Revenues

Sales tax revenues are derived from the following sales taxes:

1% of levy dedicated for constructing, re-surfacing, lighting, and improving public streets, sidewalks, and bridges; constructing, purchasing, improving, maintaining, and operating recreation facilities and equipment; constructing, acquiring, or improving land, buildings, and any work of permanent public improvement, including equipment and furnishings thereof; and installing and operating sewer and water systems, including disposal plants, lagoons, etc., title to which shall be in the public.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Summary of Significant Accounting Policies (continued)

Sales Tax Revenues (continued)

1% of levy dedicated to maintenance and operation of the police department, including acquisition of vehicles and equipment. On October 22, 2011, this sales tax was renewed for another 25 years.

1/4 % of levy dedicated for the purpose of all sewer maintenance and operations. This portion is deposited in the Sewer Funds where sewer operations are accounted for.

Ad Valorem Revenue

Property taxes are normally levied and billed in December of each year and are delinquent on January 1st of the following year. Revenues are recognized when levied to the extent they are determined to be currently collectible. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. For the year ended December 31, 2023, property taxes levied were 5.54 mills for general purposes.

Deferred Outflows and Inflows of Resources and Pensions

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town does not have any items that meet the criteria for this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town does not have any items that meet the criteria for this category.

Interfund Transactions

Permanent re-allocation of resources between funds of the Town is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences may be material.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Summary of Significant Accounting Policies (continued)

Recent Pronouncements –Adopted

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022. The adoption of this standard did not have a material impact on the financial statements of the Town.

2. Cash and Cash Equivalents

At December 31, 2023, cash and cash equivalents consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand deposits	\$ 6,198,161	\$ 6,363,357
Money Market	978,258	1,024,506
	<u>\$ 7,176,419</u>	<u>\$ 7,387,863</u>

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be recovered. The Town does not have a deposit policy for custodial risk. As of December 31, 2023, the Town’s bank balance was not exposed to custodial risk. \$250,000 of the Town’s bank balance was secured by federal deposit insurance, while the remaining \$7,137,863 was secured by pledged securities owned by the fiscal agent bank. Under state law, deposits must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

3. Receivables

Net receivables of governmental funds at December 31, 2023, were as follows:

	<u>General Fund</u>	<u>Police Fund</u>	<u>Street Fund</u>	<u>Storm Fund</u>	<u>Total</u>
Ad valorem taxes	\$ 139,066	\$ -	\$ -	\$ -	\$ 139,066
Sales taxes	-	203,769	215,594	-	419,363
Franchise taxes	60,860	-	-	-	60,860
Gross receivables	199,926	203,769	215,594	-	619,289
Less: Allowances	(2,579)	-	-	-	(2,579)
Total	<u>\$ 197,347</u>	<u>\$ 203,769</u>	<u>\$ 215,594</u>	<u>\$ -</u>	<u>\$ 616,710</u>

Net receivables of proprietary funds at December 31, 2023, were as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Sales taxes	\$ 50,942	\$ -	\$ 50,942
Water and sewer	83,202	103,021	186,223
Gross receivables	134,144	103,021	237,165
Less: Allowances	(2,000)	(2,000)	(4,000)
Total	<u>\$ 132,144</u>	<u>\$ 101,021</u>	<u>\$ 233,165</u>

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. Capital Assets, net

The following is a summary of the changes in the capital assets for the governmental activities for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Capital assets not depreciated				
Land	\$ 104,377	\$ -	\$ -	\$ 104,377
Total	<u>104,377</u>	<u>-</u>	<u>-</u>	<u>104,377</u>
Capital assets being depreciated				
Infrastructure	1,503,740	-	-	1,503,740
Buildings and Improvements	389,311	58,625	-	447,936
Machinery and Equipment	963,292	136,025	-	1,099,317
Furniture and Office Equipment	52,535	-	-	52,535
Vehicles	946,182	251,441	(119,815)	1,077,808
Total	<u>3,855,060</u>	<u>446,091</u>	<u>(119,815)</u>	<u>4,181,336</u>
Accumulated depreciation				
Infrastructure	(469,588)	(52,928)	-	(522,516)
Buildings and Improvements	(278,211)	(11,695)	-	(289,906)
Machinery and Equipment	(802,016)	(21,277)	-	(823,293)
Furniture and Office Equipment	(48,962)	(857)	-	(49,819)
Vehicles	(782,999)	(8,257)	119,815	(671,441)
Right of use asset	-	-	-	-
Total	<u>(2,381,776)</u>	<u>(95,014)</u>	<u>119,815</u>	<u>(2,356,975)</u>
Capital assets being depreciated, net	<u>1,473,284</u>	<u>351,077</u>	<u>-</u>	<u>1,824,361</u>
Total	<u>\$ 1,577,661</u>	<u>\$ 351,077</u>	<u>-</u>	<u>\$ 1,928,738</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 20,893
Public works	66,040
Public safety	2,177
Recreation	5,904
Total	<u>\$ 95,014</u>

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. Capital Assets, net (continued)

The following is a summary of the changes in the capital assets for the business type activities for the year ended December 31, 2023.

	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Capital assets not depreciated				
Land	\$ 68,609	\$ -	\$ -	\$ 68,609
Construction in progress	326,460	665,649	-	992,109
Total	<u>395,069</u>	<u>665,649</u>	<u>-</u>	<u>1,060,718</u>
Capital assets being depreciated				
Water system and equipment	7,627,922	15,407	-	7,643,329
Sewer system and equipment	7,735,559	200,000	-	7,935,559
Machinery and equipment	553,116	34,405	-	587,521
Total	<u>15,916,597</u>	<u>249,812</u>	<u>-</u>	<u>16,166,409</u>
Accumulated depreciation				
Water system and equipment	(3,375,882)	(220,540)	-	(3,596,422)
Sewer system and equipment	(4,683,115)	(165,895)	-	(4,849,010)
Machinery and equipment	(370,059)	(54,209)	-	(424,268)
Total	<u>(8,429,056)</u>	<u>(440,644)</u>	<u>-</u>	<u>(8,869,700)</u>
Capital assets being depreciated, net	<u>7,487,541</u>	<u>(190,832)</u>	<u>-</u>	<u>7,296,709</u>
Total	<u>\$ 7,882,610</u>	<u>\$ 474,817</u>	<u>\$ -</u>	<u>\$ 8,357,427</u>

5. Deferred Compensation

Certain employees of the Town participate in the Louisiana Public Employees' Deferred Compensation Plan (the Plan) qualified under Section 457 of the Internal Revenue Code. The Plan covers full-time employees who have worked for the Town for three months and have elected to participate in the Plan. The Town contributes 10% of the employees' covered payroll to the Plan. Employees may contribute to the Plan up to the maximum amount allowed by the Internal Revenue Code.

Plan expenses (including the Town's contributions) were \$116,102 for the year ended December 31, 2023. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. Long Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 2023:

	<u>Sewer fund</u>	<u>Water fund</u>
Balance at beginning of year	\$ 2,451,444	\$ 768,000
Loan drawdowns	-	-
Principal payments	(143,000)	(66,000)
Balance at end of year	<u>\$ 2,308,444</u>	<u>\$ 702,000</u>
Amount due in one year	<u>\$ 144,000</u>	<u>\$ 68,000</u>

On March 1, 2012, the Town entered into an agreement with the Louisiana Department of Health and Hospitals related to the issuance of, not to exceed, \$2,000,000 of Sales Tax Bonds, Series 2012 secured by the Town's one-quarter percent (1/4%) sales and use tax for the Sewer Fund. The Drinking Water State Revolving Loan is payable to the State with semi-annual principal payments, interest payable at 2.95% and administrative fee of 0.50% maturing on March 1, 2032. The balance on these bonds is \$702,000 at December 31, 2023.

On November 1, 2017, the Town entered into an agreement with the Louisiana Department of Environmental Quality related to the issuance of, not to exceed, \$1,800,000 of Taxable Sales Tax Bonds, Series 2017, secured by the Town's one percent (1%) sales and use tax. The Clean Water State Revolving Loan is payable to the State with semi-annual principal payments, interest payable at 0.45% and an administrative fee of 0.50% maturing on March 1, 2038. The balance on these bonds is \$2,308,444 at December 31, 2023. During the year ended December 31, 2018, the Town amended the 2017 taxable Sales Tax Bonds, with an increase in the sum of \$1,000,000 to bring the total issuance amount to \$3,000,000.

The future debt service requirements are as follows:

<u>Year Ending December 31,</u>	<u>LDHH Drinking Water State Revolving Loan</u>		<u>LDEQ Clean Water State Revolving Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 68,000	\$ 19,706	\$ 144,000	\$ 10,064
2025	70,000	17,671	145,000	9,414
2026	73,000	15,561	147,000	8,757
2027	75,000	13,378	148,000	8,093
2028	78,000	11,122	149,000	7,425
2029 - 2033	338,000	20,385	612,000	22,882
2034 - 2038	-	-	636,000	11,650
2039- 2040	-	-	327,444	1,430
Total	<u>\$ 702,000</u>	<u>\$ 97,823</u>	<u>\$ 2,308,444</u>	<u>\$ 79,715</u>

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

7. Capital Lease

Capital Lease 2020

During the year ended December 31, 2020, the Town entered into a lease agreement as lessee for financing the acquisition of street department vehicles valued at \$35,561. The vehicles have a five-year estimated useful life.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2023, were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 9,140
Total minimum lease payments	9,140
<u>Less: Amount representing interest</u>	<u>(268)</u>
Present value of minimum lease payments	<u>\$ 8,872</u>

Capital Lease 2023

During the year ended December 31, 2023, the Town entered into a lease agreement as lessee for financing the acquisition of police department vehicles valued at \$202,693. The vehicles have a five-year estimated useful life.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2023, were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 58,176
2025	58,176
2026	58,176
2027	43,633
Total minimum lease payments	218,161
<u>Less: Amount representing interest</u>	<u>(27,642)</u>
Present value of minimum lease payments	<u>\$ 190,519</u>

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

8. Interfund balances

Due to / from other funds at December 31, 2023, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 5,789	\$ 52,031
Special revenue funds		
Police fund	92,331	-
Street fund	4,242	126,004
Storm fund	39,085	-
Proprietary funds		
Sewer fund	39,012	727,847
Water fund	725,423	-
Total	<u>\$ 905,882</u>	<u>\$ 905,882</u>

The above due to/from other funds were short-term receivables or payables resulting from the normal course of the Town's operations.

Operating transfers between funds occur in the normal course of business and were as follows, during the year ended December 31, 2023:

	<u>Transfers In</u>			
	<u>General fund</u>	<u>Police fund</u>	<u>Sewer fund</u>	<u>Total</u>
Transfers out				
General fund	\$ -	\$ 405,491	\$ 76,840	\$ 482,331
Street fund	33,120	-	-	33,120
Sewer fund	17,400	-	-	17,400
Water fund	-	-	18,204	18,204
Total	<u>\$ 50,520</u>	<u>\$ 405,491</u>	<u>\$ 95,044</u>	<u>\$ 551,055</u>

9. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2023, the Town carried insurance through various commercial carriers to cover all risks of loss, except for the risk of loss of assets relating to certain vehicles and equipment. The Town has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

10. Commitments and Contingencies

At December 31, 2023, the Town was a defendant in various lawsuits principally arising from the normal course of operations. In the opinion of management after consultation with legal counsel, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

11. Tax Abatements

St. Tammany Parish (the Parish) negotiates property tax abatement agreements on the Town's behalf on an individual basis. Each agreement was negotiated for a variety of economic development purposes, including business relocation, retention, and expansion. The Town has tax abatement agreements with the following entities as of December 31, 2023:

A wholesale grocer distribution center, through a PILOT agreement negotiated with the St. Tammany Parish Development District, has property assessed at \$33,159,605 with exempt taxes of \$738,492. The abatement expires on February 1, 2032. The PILOT program abates up to twenty years, local property taxes on the wholesale grocer distribution center's new investment and annual capitalized additions related to the development of the distribution facility.

A furniture distribution center, through a PILOT agreement negotiated with the St. Tammany Parish Development District, has property assessed at \$25,422,334 with exempt taxes of \$564,807. The abatement expires on February 1, 2024. The PILOT program abates up to fifteen years, local property taxes on the store's new investment and annual capitalized additions related to the development of the distribution facility. The furniture distribution center, through an agreement negotiated with the Industrial Tax Exemption program, has property assessed at \$3,623,849 with exempt taxes of \$155,221. The Industrial Tax Exemption program may be granted to manufacturers located within the Parish. The Industrial Tax Exemption program abates, up to ten years, local property taxes on the distribution center's new investment and annual capitalized additions related to the distribution facility.

The Parish has not made any commitments as part of the agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities other than the Parish.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

12. Federal Revenues

The American Rescue Plan Act of 2021 was enacted on March 11, 2021 and included an appropriation of \$350 billion in emergency Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). The purpose of these funds is to provide an infusion of resources to help state and local governments address the economic impacts of the COVID-19 pandemic. During the year ended December 31, 2022, the Town received a direct distribution from the Treasury Department of \$483,444, which represents half of the Town's award under this program. At December 31, 2023 included in unearned revenue is \$32,228. During the year ended December 31, 2023, the Town recognized federal revenue from ARPA of \$621,120.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

13. Prior Period Adjustments

The Town identified adjustments to restate receivables in the Street Fund and the General Fund which affected prior year financial statements. The impact on the fund balances of the Street Fund and the General Fund of the Town as of December 31, 2022 is as follows:

<u>Governmental Funds - Street Fund</u>	<u>Amount</u>
Fund balances as previously reported, December 31, 2022	\$ 2,170,247
Reclassification of Ad valorem receivable	(92,207)
Fund balance, as restated, December 31, 2022	<u>\$ 2,078,040</u>

<u>Governmental Funds - General Fund</u>	<u>Amount</u>
Fund balances as previously reported, December 31, 2022	\$ 2,532,416
Reclassification of Ad valorem receivable	92,207
Fund balance, as restated, December 31, 2022	<u>\$ 2,624,623</u>

The Town identified adjustments to revenue to correct an error which affected prior year financial statements. The impact on the net position of the Sewer Fund of the Town as of December 31, 2022 is restated as follows:

<u>Business -Type Activities</u>	<u>Sewer Fund</u>	<u>Total Proprietary Fund</u>
Net position as previously reported. December 31, 2022	\$ 4,690,175	\$ 6,026,598
Unearned federal revenue - ARPA adjustment	248,634	248,634
Net position, as restated, December 31, 2022	<u>\$ 4,938,809</u>	<u>\$ 6,275,232</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes				
Ad valorem	\$ 230,000	\$ 230,000	\$ 259,249	\$ 29,249
Franchise taxes	210,000	210,000	254,333	44,333
Fines and forfeitures	325,000	335,000	590,533	255,533
Licenses and permits	112,500	117,000	137,148	20,148
Insurance licenses	124,000	124,000	133,165	9,165
Grants and reimbursements	-	27,551	27,551	-
Other revenues	150,700	59,900	31,320	(28,580)
Proceeds from insurance reimbursements	-	-	17,085	17,085
Interest income	1,000	6,000	9,141	3,141
Total revenues	<u>1,153,200</u>	<u>1,109,451</u>	<u>1,459,525</u>	<u>350,074</u>
<u>EXPENDITURES</u>				
General government	991,220	1,014,437	747,967	266,470
Public works	15,000	8,709	-	8,709
Recreation	21,500	101,500	14,269	87,231
Capital outlay	16,700	61,701	191,944	(130,243)
Total expenditures	<u>1,044,420</u>	<u>1,186,347</u>	<u>954,180</u>	<u>232,167</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	76,220	403,360	50,520	(352,840)
Transfers to other funds	(185,000)	(326,464)	(482,331)	(155,867)
Total other financing sources (uses)	<u>(108,780)</u>	<u>76,896</u>	<u>(431,811)</u>	<u>(508,707)</u>
<u>NET CHANGE IN FUND BALANCE</u>	-	-	73,534	73,534
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>2,624,623</u>	<u>2,624,623</u>	<u>2,624,623</u>	-
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 2,624,623</u>	<u>\$ 2,624,623</u>	<u>\$ 2,698,157</u>	<u>\$ 73,534</u>

See Independent Auditor's Report.

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>REVENUES</u>				
Sales taxes	\$ 900,000	\$ 900,000	\$ 1,044,876	\$ 144,876
Grants and reimbursements	160,000	264,570	245,166	(19,404)
Other revenues	15,300	28,784	19,529	(9,255)
Interest income	250	250	352	102
Total revenues	<u>1,075,550</u>	<u>1,193,604</u>	<u>1,309,923</u>	<u>116,319</u>
<u>EXPENDITURES</u>				
Public safety	1,380,050	1,735,498	1,688,842	46,656
Capital outlay	18,500	78,194	51,453	26,741
Total expenditures	<u>1,398,550</u>	<u>1,813,692</u>	<u>1,740,295</u>	<u>73,397</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from sale of fixed assets	-	-	25,618	25,618
Transfers from other funds	323,000	620,088	405,491	(214,597)
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>323,000</u>	<u>620,088</u>	<u>431,109</u>	<u>(188,979)</u>
<u>NET CHANGE IN FUND BALANCE</u>	-	-	737	737
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>416,035</u>	<u>416,035</u>	<u>416,035</u>	-
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 416,035</u>	<u>\$ 416,035</u>	<u>\$ 416,772</u>	<u>\$ 737</u>

See Independent Auditor's Report.

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>REVENUES</u>				
Sales taxes	\$ 900,000	\$ 900,000	\$ 1,140,014	\$ 240,014
Ad valorem	-	-	-	-
Grants and reimbursements	5,000	155,000	9,225	(145,775)
Other revenues	148,900	6,800	6,718	(82)
Interest income	500	-	7,071	7,071
Total revenues	<u>1,054,400</u>	<u>1,061,800</u>	<u>1,163,028</u>	<u>101,228</u>
<u>EXPENDITURES</u>				
Public works	1,021,280	1,128,680	657,058	471,622
Capital outlay	-	-	-	-
Total expenditures	<u>1,021,280</u>	<u>1,128,680</u>	<u>657,058</u>	<u>471,622</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	100,000	-	(100,000)
Transfers out	(33,120)	(33,120)	(33,120)	-
Total other financing sources (uses)	<u>(33,120)</u>	<u>66,880</u>	<u>(33,120)</u>	<u>(100,000)</u>
<u>NET CHANGE IN FUND BALANCE</u>	-	-	472,850	472,850
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>2,078,040</u>	<u>2,078,040</u>	<u>2,078,040</u>	<u>-</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 2,078,040</u>	<u>\$ 2,078,040</u>	<u>\$ 2,550,890</u>	<u>\$ 472,850</u>

See Independent Auditor's Report.

ADDITIONAL SUPPLEMENTARY INFORMATION

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF OPERATING EXPENSES - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Enterprise Funds		Total Proprietary Funds
	Sewer Fund	Water Fund	
<u>SEWER SYSTEM EXPENSES</u>			
Utilities	\$ 168,589	\$ -	\$ 168,589
Salaries	52,139	-	52,139
Repairs and maintenance	80,934	-	80,934
Lab testing	7,436	-	7,436
Other	18,860	-	18,860
Total sewer system expenses	327,958	-	327,958
<u>WATER SYSTEM EXPENSES</u>			
Utilities	-	12,794	12,794
Salaries	-	44,424	44,424
Repairs and maintenance	-	37,674	37,674
Other	-	56,630	56,630
Total water system expenses	-	151,522	151,522
<u>ADMINISTRATIVE AND GENERAL EXPENSES</u>			
Salaries	2,677	3,823	6,500
Office expense	13,519	10,235	23,754
Insurance	9,846	8,115	17,961
Workmen's compensation	-	2,148	2,148
Payroll taxes	4,098	3,680	7,778
Retirement	4,880	-	4,880
Education and training	2,452	831	3,283
Bank and NSF charges	2,823	-	2,823
Other	22,513	19,717	42,230
Total administrative and general expenses	62,808	48,549	111,357

See Independent Auditor's Report.

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO THE MEMBERS OF THE BOARD OF ALDERMEN
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Board of Alderman</u>	<u>End of Term</u>	<u>Compensation</u>
Virgil Phillips	December 31, 2023	\$ 10,800
Angela Galloway	December 31, 2023	\$ 10,800
Kristy Franatovich	December 31, 2023	\$ 10,800
Timothy Moray	December 31, 2023	\$ 10,800
Cheryl Schultheis	December 31, 2023	\$ 10,800

See Independent Auditor's Report.

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO THE AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2023

AGENCY HEAD: Joe Lee, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 53,000
Benefits - insurance	-
Benefits - retirement	7,950
Benefits- other	-
Car allowance	291
Vehicle provided by government	-
Per diem	382
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<u>\$ 61,623</u>

See Independent Auditor's Report.

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information		
Entity Name	Town of Pearl River	
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2305	
Date that reporting period ended (mm/dd/yyyy)	12/31/2023	
	First Six Month Period Ended 06/30/2023	Second Six Month Period Ended 12/31/2023
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	9,037	25,712
Criminal Fines - Contempt	-	-
Criminal Fines - Other	204,784	361,071
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	1,185	2,111
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Subtotal Collections	215,006	388,894

Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one Example - City of Walker, Criminal Court Costs/Fees

Example - City of Walker, Criminal Court Costs/Fees	-	-
Louisiana Department of Health-Traumatic Head & Spinal Cord/Criminal Court Costs/Fees	2,830	6,390
Louisiana Supreme Court - LA Judicial College/Criminal Court Costs/Fees	372	795
Louisiana Commission on Law Enforcement - POST Law Enforcement/Criminal Court Costs/Fees	1,488	3,183
Treasurer State of Louisiana - CMIS/Criminal Court Costs/Fees	2,205	4,780
Crime Stoppers/Criminal Court Costs/Fees/Florida Parish Juvenile Justice Commission	2,142	10,564

Less: Amounts Retained by Collecting Agency

Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency (must include a separate line for each collection type, as applicable) - Example: Criminal Fines - Other		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	-	-
Criminal Fines - Contempt	-	-
Criminal Fines - Other	204,784	361,071
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-

Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies

Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	1,185	2,111

Subtotal Disbursements/Retainage

215,006	388,894
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Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)

-	-
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Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.

-	-
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Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)

Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)

-	-
-	-

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



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

To the Honorable Mayor and
Members of the Board of Aldermen
Town of Pearl River, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Pearl River, Louisiana (the Town), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated June 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’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 Town’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 weakness. However, material weakness, or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Richard CPAS

Metairie, Louisiana
June 30, 2024

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified: None reported
- Significant deficiency(ies) identified that are not considered to be material weakness None reported

Noncompliance material to the financial statements: None reported

Other matter: No

2. Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

None noted.

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

3. Prior Year Findings relating to the basic financial statements reported in accordance with Government Auditing Standards

2022-01 Customer Accounts, Receivable, and Revenue

Condition: The Town did not bill customer accounts for actual water usage throughout the year ended December 31, 2022. Customer accounts that did not measure water usage during the billing month were billed the minimum monthly amount of \$12.

Current Status: Resolved.

2022-02 Non-Compliance with State Audit Law

Condition: The Town was required to have an annual audit completed and filed with the Louisiana Legislative Auditor by June 30, 2023 (six months after year end). The Town requested a non-emergency extension from the Louisiana Legislative auditor and the extension request was acknowledged by the Legislative Audit Advisory Council (LAAC) on July 26, 2023, and therefore fully accepted

Current Status: Resolved.

TOWN OF PEARL RIVER, LOUISIANA
LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT
DECEMBER 31, 2023

RICHARD  CPAS

TOWN OF PEARL RIVER, LOUISIANA

**LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT**

DECEMBER 31, 2023

Town of Pearl River

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Accountants' Report on Applying Agreed-Upon Procedures</u>	1
<u>Schedule A: Agreed-Upon Procedures Performed and Associated Findings</u>	2-17
<u>Management Responses</u>	18-19



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable mayor and Members of the Board of Aldermen:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. The Town of Pearl River, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The Town of Pearl River, Louisiana (the Town) 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 January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Town of Pearl River, 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 the Town of Pearl River, 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.

Richard CPAS

Metairie, Louisiana
June 30, 2024

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

PROCEDURES (SCHEDULE A)

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 25 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

1) Written Policies and Procedures

A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:

- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions were found as a result of this procedure.

- 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.

Exception noted. RICHARD CPAs observed the policy did not document how vendors are added to the vendor list.

- iii. ***Disbursements***, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

- 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).

No exceptions were found as a result of this procedure.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

No exceptions were found as a result of this procedure.

- 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.

Exception noted. RICHARD CPAs observed the policy did not document the legal review, the approval process, and the 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.

No exceptions were found as a result of this procedure.

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

Exception noted. RICHARD CPAs observed the policy did not document allowable business uses for each credit card.

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

No exceptions were found as a result of this procedure.

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

Exception noted. RICHARD CPAs observed that the policy did not document debt service requirements, debt reserve requirements, and disclosure/reporting requirements.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

- 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.

Exception noted. RICHARD CPAs observed the policy did not document the use of antivirus software.

- 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.

No exceptions were found as a result of this procedure.

2) Board or Finance Committee

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

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

No exceptions were found as a result of this procedure.

- 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. *Alternately, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Exception noted. RICHARD CPAs observed the Town of Pearl River did not meet monthly to review budget-to-actual comparisons of the general fund.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions were found as a result of this procedure.

- 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.

Exception noted. RICHARD CPAs observed meeting minuets and noted the attendees did not receive written updates of the progress of resolving audit findings.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Exception noted. RICHARD CPAs observed 1 of the 5 bank reconciliations selected for testing were not prepared within two months of the related statement closing date.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

Exception noted. RICHARD CPAs observed 5 of the selected bank reconciliations were not reviewed by management within 1 month of comparing the reconciliation..

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exceptions noted. RICHARD CPAS observed 3 of 5 bank reconciliations selected for testing did not include documentation from management reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

No exceptions were found as a result of this procedure.

- 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 there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions were found as a result of this procedure.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

Exception noted. RICHARD CPAs observed that the employees responsible for collecting cash are also responsible for preparing/making the deposits.

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

No exceptions were found as a result of this procedure.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions were found as a result of this procedure.

- 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 in force during the fiscal period.

No exceptions were found as a result of this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *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.

Exceptions noted. RICHARD CPAs observed 1 of the 10 deposits selected for testing did not have sequentially pre-numbered receipts.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- 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).

Exceptions noted. RICHARD CPAs observed 2 of the 10 deposits selected for testing were not made within one business day of receipt.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

No exceptions were found as a result of this procedure.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exceptions were found as a result of this procedure.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions were found as a result of this procedure.

- 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;

Exception noted. RICHARD CPAs observed that the employee responsible for processing payments is the same employee who has the ability to add/modify 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

No exceptions were found as a result of this procedure.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions were found as a result of this procedure.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

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

No exceptions were found as a result of this procedure.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the person who maintained possession of the cards. Obtain management’s representation that the listing is complete.

No exceptions were found as a result of this procedure.

- 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 whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

No exceptions were found as a result of this procedure.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions found as a result of this procedure.

- 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions were found as a result of this procedure.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions were found as a result of this procedure.

- ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions were found as a result of this procedure.

- iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions were found as a result of this procedure.

- iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of this procedure.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions were found as a result of this procedure.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

No exceptions were found as a result of this procedure.

- iii. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions were found as a result of this procedure.

- 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 the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions were found as a result of this procedure.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

- i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions were found as a result of this procedure.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions were found as a result of this procedure.

- iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions were found as a result of this procedure.

- iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

No exceptions were found as a result of this procedure.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of this procedure.

10) Ethics

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

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

No exceptions were found as a result of this procedure.

- 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).

No exceptions were found as a result of this procedure.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No exceptions were found as a result of this procedure.

- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

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

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

- 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. 42:1267²⁵. 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

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe 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.

Exception noted. RICHARD CPAs observed 1 of the 5 employees/officials selected for testing did not complete the full one hour of sexual harassment training during the calendar year.

- 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).

Exception noted. RICHARD CPAs observed the sexual harassment policy and complaint procedure is not presented on the Town’s website.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions were found as a result of this procedure.

- ii. Number of sexual harassment complaints received by the agency;

No exceptions were found as a result of this procedure.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions were found as a result of this procedure.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions were found as a result of this procedure.

- v. Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.



TOWN OF PEARL RIVER

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JOE D. LEE

Mayor

TIM MORAY

Mayor Pro Tempore

MAUDE F. GRIFFIS

Town Clerk

TIMOTHY MATHISON

Town Attorney

JEFFREY KEATING

Town Magistrate

Town of Pearl River

Management Responses

2023 Audited AUPs

1(A)(ii) Town Clerk, Permit Clerk and Mayor have been added to the policy as the only individuals who will enter new vendors to the QuickBooks system.

1(A)(vi) Information will be added to satisfy these exceptions.

1(A)(viii) Policy has been changed to state that all Credit Card's purchases are to be used for Mayor approved business purchases.

1(A)(x) Information will be added to satisfy these exceptions.

1(A)(xi) The policy will be updated to state that anti-virus software is used.

2(A)(ii) Budget-to-Actual comparisons will be presented at the monthly meetings.

2(A)(iv) Any findings will be addressed in future meetings and be included in the minutes.

3(A)(i) Bank reconciliations will be processed within 2 months of the statement closing date.

3(A)(ii) The Mayor is signing & dating his review of the reconciliations.

3(A)(iii) The Mayor is noting that the old reconciling items have been researched.

4(B)(ii) The Town's workforce is too small to segregate all these duties.

4(D)(i) Munibilling system does not allow for the prenumbering of Water/Sewer receipts.

4(D)(iv) With only 2 people available to make deposits, there are times when deposits cannot be made within 1 day of the receipt.

5(A)(iii) QuickBooks system does not prevent the employee who processes payments from entering/modifying vendor files.

14(A) Management will work to ensure that all employees/officials will take the sexual harassment training.

14(B) The sexual harassment policy will be added to the Town's website.



Joe D. Lee

Mayor