
TOWN OF PEARL RIVER, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2024

RICHARD  CPAS

TOWN OF PEARL RIVER, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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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, 2024, 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, 2024, 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 management's discussion and analysis on pages 4-13, budgetary comparison information on pages 48-50, Schedule of Proportionate share of the Net Pension Liability on page 51, Schedule of Employer Contributions to each Retirement System on page 52, and Notes to Required Supplementary information on page 53, 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.

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, 2025, 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, 2025

TOWN OF PEARL RIVER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

As financial management of the Town's government, we offer this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2024. We encourage readers to consider the information presented here with the basic financial statements and accompanying notes to the financial statements which follow this narrative.

FINANCIAL HIGHLIGHTS

- As of December 31, 2024, assets and deferred outflows of Town's government exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$14,722,838 (net position).
- As of December 31, 2024, the Town's governmental funds reported combined ending fund balance of \$5,980,332, an increase of \$274,518 from the December 31, 1899 balance of \$5,705,814.
- As of December 31, 2024, the fund balance for the General fund is \$2,816,558, which includes nonspendable fund balance of \$12,770 and unassigned fund balance of \$2,803,788. This represents a \$118,401 increase from the December 31, 1899 balance of \$2,698,157.
- As of December 31, 2024, current liabilities in the statement of net position decreased due by \$-501,281 due to the completion of construction projects and the payment retainage amount.
- As of December 31, 2024, deferred outflows of resources, deferred inflows of resources, and long-term liabilities in the statement of net position increased by \$766,857, \$22,621, and \$511,503, respectively, due to the Town's employees participating in the Municipal Police Employee Retirement System (MPERS) during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

TOWN OF PEARL RIVER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

Government-Wide Financial Statements (continued)

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety (police), recreation, and public works. The Town has two business-type activities, the Sewer and Water fund. The government-wide financial statements (Statement A and Statement B) can be found on pages 14-15 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Town maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police Fund, and, Street Fund, which are considered to be major funds. The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 16 and 18 of this report.

TOWN OF PEARL RIVER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

Fund Financial Statements (continued)

Enterprise funds are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The Town maintains two types of proprietary fund. The Town uses the enterprise fund to account for its operations and maintenance of the sewer and water facilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. At December 31, 2024, the Town has no fiduciary funds.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 23-47 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning general fund and sales tax budgetary comparisons, the net pension liability, and contributions to defined benefit pension plans. Required supplementary information can be found at pages 48-53. Additional supplementary information can be on pages 54-58.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,722,838 at December 31, 2024. The Town's net position increased by \$390,227 due to increase volume in taxes and less capital expenditures during year.

TOWN OF PEARL RIVER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Government-Wide Financial Analysis (continued)

The following tables reflects the condensed Statement of Net Position as of December 31, 2024 and 1899:

Town of Pearl River's Condensed Statement of Net Position						
December 31						
	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 6,234,191	\$ 5,882,398	\$ 1,402,840	\$ 2,094,544	\$ 7,637,031	\$ 7,976,942
Restricted assets	-	-	76,840	108,535	76,840	108,535
Capital assets, net	1,970,827	1,928,738	8,343,157	8,357,427	10,313,984	10,286,165
Internal balances	(37,248)	(36,588)	37,248	36,588	-	-
Total assets	<u>8,167,770</u>	<u>7,774,548</u>	<u>9,860,085</u>	<u>10,597,094</u>	<u>18,027,855</u>	<u>18,371,642</u>
Deferred outflows of resources:						
Deferred amounts - net pension liability	766,857	-	-	-	766,857	-
Total deferred outflows	<u>766,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>766,857</u>	<u>-</u>
Liabilities:						
Current liabilities	216,611	139,996	55,507	633,403	272,118	773,399
Long-term liabilities	977,068	255,188	2,800,067	3,010,444	3,777,135	3,265,632
Total liabilities	<u>1,193,679</u>	<u>395,184</u>	<u>2,855,574</u>	<u>3,643,847</u>	<u>4,049,253</u>	<u>4,039,031</u>
Deferred inflows of resources:						
Deferred amounts - net pension liability	22,621	-	-	-	22,621	-
Total deferred inflows	<u>22,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,621</u>	<u>-</u>
Net Position:						
Net investment in capital assets	1,826,177	1,729,347	5,544,713	5,346,983	7,370,890	7,076,330
Restricted	3,061,305	2,922,186	76,840	76,840	3,138,145	2,999,026
Unrestricted	2,830,845	2,727,831	1,382,958	1,529,424	4,213,803	4,257,255
Net position	<u>\$ 7,718,327</u>	<u>\$ 7,379,364</u>	<u>\$ 7,004,511</u>	<u>\$ 6,953,247</u>	<u>\$ 14,722,838</u>	<u>\$ 14,332,611</u>

TOWN OF PEARL RIVER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

Government-Wide Financial Analysis (continued)

As of December 31, 2024, the net investment in capital assets amounts to \$7,370,890 (e.g. land, buildings, streets, machinery, vehicles, sewer system, and equipment); less any related debt used to acquire those assets that is still outstanding and adding back any unspent bond proceeds. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As of December 31, 2024, Town's restricted net position amounts to \$3,138,145. The restricted net position is used for mainly future capital projects and maintenance and operations in the governmental funds and payment of debt in the proprietary fund.

As of December 31, 2024 the unrestricted net position amounts to \$4,213,803, a decrease in the net position of \$-43,452 in comparison with the prior unrestricted net position in the amount of \$4,257,255.

TOWN OF PEARL RIVER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Government-Wide Financial Analysis (continued)

Town of Pearl River Changes in Net Position						
December 31						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program revenue:						
Charges for services	\$ -	\$ -	\$ 741,918	\$ 787,128	\$ 741,918	\$ 787,128
Operating grants and contributions	327,018	268,281	-	-	327,018	268,281
Capital grants and contributions	7,875	9,225	32,228	621,377	40,103	630,602
General revenue:						
Taxes:						
Sales taxes	2,324,496	2,184,890	280,307	261,219	2,604,803	2,446,109
Ad valorem taxes	282,906	259,249	-	-	282,906	259,249
Franchise taxes	240,480	254,333	-	-	240,480	254,333
Licenses and permits	184,668	137,148	-	-	184,668	137,148
Fines and forfeitures	1,013,965	590,533	-	-	1,013,965	590,533
Insurance licenses	134,059	133,165	-	-	134,059	133,165
Other miscellaneous revenue	93,368	57,567	-	-	93,368	57,567
Service fees	16,000	17,085	-	-	16,000	17,085
Investment earnings	17,995	16,567	3,773	6,482	21,768	23,049
Proceeds from sale of fixed assets	-	25,618	-	-	-	25,618
Transfers	(175,000)	(59,440)	175,000	59,440	-	-
Total revenues	<u>4,467,830</u>	<u>3,894,221</u>	<u>1,233,226</u>	<u>1,735,646</u>	<u>5,701,056</u>	<u>5,629,867</u>
Expenses:						
General government	1,005,789	770,548	-	-	1,005,789	770,548
Public safety	2,149,722	1,675,845	-	-	2,149,722	1,675,845
Public works	932,003	727,170	-	-	932,003	727,170
Recreation	41,353	20,173	-	-	41,353	20,173
Utilities	-	-	1,150,477	1,031,481	1,150,477	1,031,481
Interest on debt	-	-	31,485	26,150	31,485	26,150
Total expenses	<u>4,128,867</u>	<u>3,193,736</u>	<u>1,181,962</u>	<u>1,057,631</u>	<u>5,310,829</u>	<u>4,251,367</u>
Increase in net position	<u>338,963</u>	<u>700,485</u>	<u>51,264</u>	<u>678,015</u>	<u>390,227</u>	<u>1,378,500</u>
Net position, January 1	<u>7,379,364</u>	<u>6,678,879</u>	<u>6,953,247</u>	<u>6,275,232</u>	<u>14,332,611</u>	<u>12,954,111</u>
Net position, December 31	<u>\$ 7,718,327</u>	<u>\$ 7,379,364</u>	<u>\$ 7,004,511</u>	<u>\$ 6,953,247</u>	<u>\$ 14,722,838</u>	<u>\$ 14,332,611</u>

TOWN OF PEARL RIVER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Government-Wide Financial Analysis (continued)

Governmental activities increased the Town's net position by \$338,963 during the year ended December 31, 2024. Key elements of the change in net position are as follows:

- During the year ended December 31, 2024, sales tax revenues amount to \$2,324,496 due to increased sales tax collected, an increase of \$139,606 in comparison with the prior year sales tax revenue in the amount of \$2,184,890.
- During the year ended December 31, 2024, fines and forfeitures amounts to \$1,013,965 due to increased tickets issued and fines on tickets, an increase of \$423,432 in comparison with prior year fines and forfeitures in the amount of \$590,533.
- During the year ended December 31, 2024, expense increased by \$1,059,462 from the recording of pension expense from the Municipal Police Employee Retirement System (MPERS).

Business-type activities increased the Town's net position by \$51,264 during the year ended December 31, 2024. Key elements of the change in net position are as follows:

- During the year ended December 31, 2024, transfers-in amount to \$175,000 due to an increase transfers from the governmental activities to the business activities, an increase of \$115,560 in comparison with prior year transfers-in in the amount of \$59,440.
- During the year ended December 31, 2024, capital grants and contributions decreased by \$ -590,499 due to one-time funding federal grants.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of December 31, 2024, the Town's governmental funds reported combined ending fund balances of \$5,980,332, an increase of \$274,518 in comparison with the prior year in the amount of \$5,705,814. This total consists of general fund in the amount \$2,816,558, police fund in the amount of \$269,121, street fund, in the amount of \$2,850,219, and storm fund in the amount of \$44,434. These fund balances are intended, and in some cases restricted, committed, or assigned, for specific purposes.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the general fund was a surplus of \$2,803,788. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund budget. The unassigned fund balance represents 201.41% of the general fund's final budgeted expenditures of \$1,392,060. During the year ended December 31, 2024, the general fund balance amounts to \$2,816,558 due to an overall increase of revenues over expenditures. There was an increase of \$118,401 in comparison to prior year general fund balance amounts of \$2,698,157.

TOWN OF PEARL RIVER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Governmental Funds (continued)

As of December 31, 2024, the ending police fund amounts to \$269,121, a decrease of \$-147,651 in comparison to prior year ending police fund in the amount of \$416,772. During the year ended December 31, 2024, public safety expenses amounts to \$2,109,682 due to an increase in salaries and wages and related costs benefits for the current fiscal year, an increase of \$420,840 from the prior year in the amount of \$1,688,842.

As of December 31, 2024, the ending street fund balance amounts to \$2,850,219, an increase of \$299,329 in comparison to the prior year ending street fund balance in the amount of \$2,550,890. During the fiscal year end December 31, 2024, total revenues in the amount of \$1,241,298 exceeded total expenses and transfers out in the amount of \$941,969. During the year ended December 31, 2024, sales tax revenues in the amount of \$1,203,266 comprise of 96.94% of the total revenues.

As of December 31, 2024, the ending street fund balance amounts to \$44,434, an increase of \$4,439 in comparison to the prior year ending street fund balance in the amount of \$39,995.

Proprietary Fund

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the Town's proprietary fund amounted to a surplus of \$1,382,958, which is a decrease of \$-146,466 as compared to the prior year unrestricted net position of \$1,529,424.

General Fund Budgetary Highlights

The Town approved the General fund budget during the year ended December 31, 2024.

During the fiscal year end December 31, 2024, the total actual revenue amounts to \$1,916,668 and budgeted revenues amounts to \$1,657,000. The total actual revenues was more than the budgeted revenues in the amount of \$259,668.

During the fiscal year end December 31, 2024, the total actual expenditures amounts to \$1,138,267 and budgeted expenditures amounts to \$1,392,060. The total actual expenditures was less than the budgeted expenditures in the amount of \$253,793.

During the fiscal year end December 31, 2024, the total transfers-in amounts to \$40,000 and budgeted transfers-in amounts to \$40,000. There were no variances between the actual and budgeted transfers-in amounts.

During the fiscal year end December 31, 2024, the total transfers-out amounts to \$-700,000 and budgeted transfers-out amounts to \$-700,000. There were no variances between the actual and budgeted transfers-out amounts.

TOWN OF PEARL RIVER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of December 31, 2024 amounts to \$10,313,984 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure sewer treatment plant and system, transportation equipment, machinery and equipment, furniture and fixtures, and construction in progress.

**Town of Pearl River
Capital Assets (Net of Depreciation & Amortization)
December 31, 2024**

	Governmental Activities	Business- type Activities	Total
Land	\$ 559,349	\$ 68,609	\$ 627,958
Infrastructure	1,503,740	-	1,503,740
Sewer treatment plant and system	-	17,014,453	17,014,453
Transportation equipment	1,124,130	-	1,124,130
Machinery and Equipment	1,277,011	596,996	1,874,007
Furniture and fixtures	70,535	-	70,535
Construction in progress	57,152	9,759	66,911
	<u>4,591,917</u>	<u>17,689,817</u>	<u>22,281,734</u>
Less: Accumulated Depreciation and Amortization	<u>(2,621,090)</u>	<u>(9,346,660)</u>	<u>(11,967,750)</u>
	<u><u>\$ 1,970,827</u></u>	<u><u>\$ 8,343,157</u></u>	<u><u>\$ 10,313,984</u></u>

Major capital asset events during the current fiscal year included the following:

- Transfer of construction in progress in the amount of \$1,435,565 to the sewer treatment plant and system for the completion of the construction of the new sewer.
- Additions in the amount of \$177,694 for machinery and equipment for the Town of Pearl River's playground.
- During the year ended December 31, 2024, amortization expense and accumulated amortization related to the finance lease for the police vehicle in 2023 amounts to \$48,984 and \$48,984, respectively.

Long-Term Debt

As of December 31, 2024, the Town had total bond debt outstanding the in the amount of \$2,798,444. The debt represents debt from LDHH Drinking Water State Revolving Loan and LDEQ Clean Water State Revolving Loan. The loans were for improvements to the sewer and water system. Additional information on long-term obligations can be found in Note 6 of the report.

TOWN OF PEARL RIVER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Economic Factors and Next Year's Budget and Rates (continued)

The following factors were considered in preparing the Town's budget for the 2025 fiscal year:

- Budgeted revenues for 2025 are comparable to final budgeted revenues for 2024.
- Budgeted expenditures for 2025 are comparable to the final budgeted expenditures for 2024.

Request for Information

This financial report is designed to provide a general overview of the finances of the Town of Pearl River, Louisiana, for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Mayor at 39460 Willis Alley, Pearl River, Louisiana 70452.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF PEARL RIVER, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,403,569	\$ 1,289,122	\$ 6,692,691
Restricted cash - debt service	-	76,840	76,840
Receivables			
Water and sewer, net	-	59,555	59,555
Ad valorem taxes, net	267,303	-	267,303
Sales taxes	427,107	50,406	477,513
Franchise taxes	58,862	-	58,862
FEMA receivables	4,437	-	4,437
Other receivables	2,108	-	2,108
Internal balances	(37,248)	37,248	-
Prepaid items	70,805	3,757	74,562
Capital assets not being depreciated	161,529	78,368	239,897
Capital assets depreciated, net	1,809,298	8,264,789	10,074,087
Total assets	<u>\$ 8,167,770</u>	<u>\$ 9,860,085</u>	<u>\$ 18,027,855</u>
<u>Defer outflow of resources:</u>			
Deferred amounts related to net pension liability	\$ 766,857	\$ -	\$ 766,857
Total deferred outflows of resources	<u>\$ 766,857</u>	<u>\$ -</u>	<u>\$ 766,857</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 85,566	\$ 39,689	\$ 125,255
Accrued payroll	131,045	6,337	137,382
Accrued interest	-	9,481	9,481
Compensated absences payable	84,627	1,623	86,250
Non-current liabilities			
Due within one year	58,176	215,000	273,176
Due in more than one year	86,474	2,583,444	2,669,918
Net pension liability	747,791	-	747,791
Total liabilities	<u>\$ 1,193,679</u>	<u>\$ 2,855,574</u>	<u>\$ 4,049,253</u>
<u>Defer inflow of resources:</u>			
Deferred amounts related to net pension liability	\$ 22,621	\$ -	\$ 22,621
Total deferred outflows of resources	<u>\$ 22,621</u>	<u>\$ -</u>	<u>\$ 22,621</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 1,826,177	\$ 5,544,713	\$ 7,370,890
Restricted for:			
Capital projects	2,837,799	-	2,837,799
Debt service	-	76,840	76,840
Maintenance and operations	223,506	-	223,506
Unrestricted net position	<u>2,830,845</u>	<u>1,382,958</u>	<u>4,213,803</u>
Total net position	<u>\$ 7,718,327</u>	<u>\$ 7,004,511</u>	<u>\$ 14,722,838</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, 2024

<u>FUNCTIONS/PROGRAMS</u>	<u>Program Revenues</u>				<u>Net Revenue (Expense) and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 1,005,789	\$ -	\$ -	\$ -	\$ (1,005,789)	\$ -	\$ (1,005,789)
Public safety	2,149,722	-	327,018	-	(1,822,704)	-	(1,822,704)
Public works	932,003	-	-	7,875	(924,128)	-	(924,128)
Recreation	41,353	-	-	-	(41,353)	-	(41,353)
Total governmental activities	<u>4,128,867</u>	<u>-</u>	<u>327,018</u>	<u>7,875</u>	<u>(3,793,974)</u>	<u>-</u>	<u>(3,793,974)</u>
BUSINESS-TYPE ACTIVITIES							
Utilities	1,150,477	741,918	-	32,228	-	(376,331)	(376,331)
Interest on debt	31,485	-	-	-	-	(31,485)	(31,485)
Total business-type activities	<u>1,181,962</u>	<u>741,918</u>	<u>-</u>	<u>32,228</u>	<u>-</u>	<u>(407,816)</u>	<u>(407,816)</u>
Total	<u>\$ 5,310,829</u>	<u>\$ 741,918</u>	<u>\$ 327,018</u>	<u>\$ 40,103</u>	<u>(3,793,974)</u>	<u>(407,816)</u>	<u>(4,201,790)</u>
Taxes							
Sales taxes					2,324,496	280,307	2,604,803
Ad valorem taxes					282,906	-	282,906
Franchise taxes					240,480	-	240,480
Licenses and permits					184,668	-	184,668
Fines and forfeitures					1,013,965	-	1,013,965
Insurance licenses					134,059	-	134,059
Other miscellaneous revenue					93,368	-	93,368
Service fees					16,000	-	16,000
Investment earnings					17,995	3,773	21,768
Transfers					(175,000)	175,000	-
Total general revenues and transfers					<u>4,132,937</u>	<u>459,080</u>	<u>4,592,017</u>
Change in net position					338,963	51,264	390,227
Net position, beginning of year					<u>7,379,364</u>	<u>6,953,247</u>	<u>14,332,611</u>
Net position, end of year					<u>\$ 7,718,327</u>	<u>\$ 7,004,511</u>	<u>\$ 14,722,838</u>

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

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

TOWN OF PEARL RIVER, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Special Revenue Funds				Total
	General Fund	Police Fund	Street Fund	Storm Fund (Non-Major Fund)	Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 2,597,093	\$ 115,143	\$ 2,690,421	\$ 912	\$ 5,403,569
Receivables					
Ad valorem taxes, net	267,303	-	-	-	267,303
Sales taxes	-	130,983	296,124	-	427,107
Franchise taxes	58,862	-	-	-	58,862
FEMA receivables	-	-	-	4,437	4,437
Other receivables	502	997	609	-	2,108
Due from other funds	7,333	100,612	5,741	39,085	152,771
Prepaid expenses	12,770	45,615	12,420	-	70,805
<u>TOTAL ASSETS</u>	<u>\$ 2,943,863</u>	<u>\$ 393,350</u>	<u>\$ 3,005,315</u>	<u>\$ 44,434</u>	<u>\$ 6,386,962</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts payable	\$ 38,363	\$ 42,080	\$ 5,123	\$ -	\$ 85,566
Accrued payroll	24,851	82,149	24,045	-	131,045
Unearned revenue	-	-	-	-	-
Due to other funds	64,091	-	125,928	-	190,019
<u>TOTAL LIABILITIES</u>	<u>127,305</u>	<u>124,229</u>	<u>155,096</u>	<u>-</u>	<u>406,630</u>
<u>FUND BALANCES</u>					
Nonspendable					
Prepaid items	12,770	45,615	12,420	-	70,805
Restricted					
Capital projects	-	-	2,837,799	-	2,837,799
Maintenance and operations	-	223,506	-	-	223,506
Unassigned	2,803,788	-	-	44,434	2,848,222
<u>TOTAL FUND BALANCES</u>	<u>2,816,558</u>	<u>269,121</u>	<u>2,850,219</u>	<u>44,434</u>	<u>5,980,332</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 2,943,863</u>	<u>\$ 393,350</u>	<u>\$ 3,005,315</u>	<u>\$ 44,434</u>	<u>\$ 6,386,962</u>

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, 2024

Total governmental fund balances	\$	5,980,332
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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	\$	4,591,917	
Less: Accumulated depreciation		(2,621,090)	1,970,827

Net pension liability balances in accordance with GASB 68:

Deferred outflow of resources - related to net pension liability	\$	766,857	
Net pension liability		(747,791)	
Deferred inflow of resources - related to net pension liability		(22,621)	(3,555)

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		(84,627)	
Capital lease payable - 2023 police vehicles		(144,650)	

Net position of governmental activities	\$	7,718,327
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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, 2024

	Special Revenue Funds				Total
	General Fund	Police Fund	Street Fund	Storm Fund (Non-Major Fund)	Governmental Funds
<u>REVENUES</u>					
Taxes					
Sales taxes	\$ -	\$ 1,121,230	\$ 1,203,266	\$ -	\$ 2,324,496
Ad valorem	282,906	-	-	-	282,906
Franchise taxes	240,480	-	-	-	240,480
Licenses and permits	184,668	-	-	-	184,668
Fines and forfeitures	1,013,965	-	-	-	1,013,965
Insurance licenses	134,059	-	-	-	134,059
Grants and reimbursements	-	327,018	7,875	-	334,893
Service fees	-	-	16,000	-	16,000
Other revenues	51,198	31,706	6,028	4,436	93,368
Interest income	9,392	471	8,129	3	17,995
Total revenues	<u>1,916,668</u>	<u>1,480,425</u>	<u>1,241,298</u>	<u>4,439</u>	<u>4,642,830</u>
<u>EXPENDITURES</u>					
General government	978,089	-	-	-	978,089
Public safety	-	2,109,682	-	-	2,109,682
Public works	-	-	783,964	-	783,964
Recreation	15,373	-	-	-	15,373
Capital outlay	144,805	43,394	118,005	-	306,204
Total expenditures	<u>1,138,267</u>	<u>2,153,076</u>	<u>901,969</u>	<u>-</u>	<u>4,193,312</u>
<u>Excess (Deficiency) of Revenue Over (Under) Expenditures</u>	<u>778,401</u>	<u>(672,651)</u>	<u>339,329</u>	<u>4,439</u>	<u>449,518</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers from other funds	40,000	525,000	-	-	565,000
Transfers to other funds	<u>(700,000)</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>(740,000)</u>
Total other financing sources (uses)	<u>(660,000)</u>	<u>525,000</u>	<u>(40,000)</u>	<u>-</u>	<u>(175,000)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>118,401</u>	<u>(147,651)</u>	<u>299,329</u>	<u>4,439</u>	<u>274,518</u>
<u>FUND BALANCES, BEGINNING OF YEAR</u>	<u>2,698,157</u>	<u>416,772</u>	<u>2,550,890</u>	<u>39,995</u>	<u>5,705,814</u>
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 2,816,558</u>	<u>\$ 269,121</u>	<u>\$ 2,850,219</u>	<u>\$ 44,434</u>	<u>\$ 5,980,332</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, 2024

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

Net change in fund balances - total governmental funds	\$	274,518
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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.

Capital outlays	\$	306,204	
Current year depreciation expense		(264,115)	42,089

Changes in net pension liability and deferred inflows and outflows in accordance with GASB 68		(3,555)
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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.

Compensated absence expense		(28,830)	
Principal payments on capital lease - 2023 police vehicles		45,869	
Principal payments on capital lease - old police vehicles		8,872	

Change in net position of governmental activities	\$	338,963
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The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS
PROPRIETARY FUND

TOWN OF PEARL RIVER, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2024

	Enterprise Funds		Total Proprietary Funds
	Sewer Fund	Water Fund	
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 660,072	\$ 629,050	\$ 1,289,122
Restricted cash - debt service	76,840	-	76,840
Receivables			
Water and sewer, net	20,258	39,297	59,555
Sales taxes	50,406	-	50,406
Due from other funds	39,672	380,706	420,378
Prepaid items	2,028	1,729	3,757
Total current assets	849,276	1,050,782	1,900,058
Capital assets not being depreciated	68,609	9,759	78,368
Capital assets depreciated, net	7,171,702	1,093,087	8,264,789
Total noncurrent assets	7,240,311	1,102,846	8,343,157
Total assets	<u>\$ 8,089,587</u>	<u>\$ 2,153,628</u>	<u>\$ 10,243,215</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 29,564	\$ 10,125	\$ 39,689
Accrued payroll	2,632	3,705	6,337
Accrued interest payable	6,234	3,247	9,481
Due to other funds	383,130	-	383,130
State revolving loans	145,000	70,000	215,000
Total current liabilities	566,560	87,077	653,637
Long-term liabilities			
Compensated absences	540	1,083	1,623
State revolving loans	2,019,444	564,000	2,583,444
Total liabilities	<u>\$ 2,586,544</u>	<u>\$ 652,160</u>	<u>\$ 3,238,704</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 5,075,867	\$ 468,846	\$ 5,544,713
Restricted for debt service	76,840	-	76,840
Unrestricted net position	350,336	1,032,622	1,382,958
Total net position	<u>\$ 5,503,043</u>	<u>\$ 1,501,468</u>	<u>\$ 7,004,511</u>
Total Liabilities and Net Position	<u>\$ 8,089,587</u>	<u>\$ 2,153,628</u>	<u>\$ 10,243,215</u>

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, 2024

	Enterprise Funds		Total Proprietary Funds
	Sewer Fund	Water Fund	
<u>OPERATING REVENUES</u>			
Service fees	\$ 280,725	\$ 372,732	\$ 653,457
Installation fees	32,000	11,700	43,700
Meter fees	-	23,309	23,309
Other revenues	9,204	12,248	21,452
Total revenues	<u>321,929</u>	<u>419,989</u>	<u>741,918</u>
<u>OPERATING EXPENSES</u>			
Depreciation	352,188	124,772	476,960
Sewer system	383,562	-	383,562
Water system	-	221,120	221,120
Administrative and general	39,992	28,843	68,835
Total operating expenses	<u>775,742</u>	<u>374,735</u>	<u>1,150,477</u>
Operating income (loss)	<u>(453,813)</u>	<u>45,254</u>	<u>(408,559)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Sales tax revenue	280,307	-	280,307
Federal grant revenue	32,228	-	32,228
Interest income	2,815	958	3,773
Interest expense	(12,643)	(18,842)	(31,485)
Total nonoperating revenues (expenses)	<u>302,707</u>	<u>(17,884)</u>	<u>284,823</u>
Net gain (loss) before transfers	(151,106)	27,370	(123,736)
Transfers in	75,000	100,000	175,000
Transfers out	-	-	-
Total transfers in (out)	<u>75,000</u>	<u>100,000</u>	<u>175,000</u>
<u>INCREASE (DECREASE) IN NET POSITION</u>	(76,106)	127,370	51,264
<u>NET POSITION, BEGINNING OF YEAR</u>	<u>5,579,149</u>	<u>1,374,098</u>	<u>6,953,247</u>
<u>NET POSITION, END OF YEAR</u>	<u>\$ 5,503,043</u>	<u>\$ 1,501,468</u>	<u>\$ 7,004,511</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, 2024

	Enterprise Funds		Total Proprietary Funds
	Sewer Fund	Water Fund	
<u>OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 351,735	\$ 481,713	\$ 833,448
Payments to suppliers	(930,209)	(220,096)	(1,150,305)
Payments to employees and for benefits	(42,938)	(26,130)	(69,068)
Net cash provided by (used in) operating activities	(621,412)	235,487	(385,925)
<u>NONCAPITAL FINANCING ACTIVITIES</u>			
Cash received from sales tax	279,753	-	279,753
Interfund transfers and borrowing	(270,377)	444,717	174,340
Net cash provided by noncapital financing activities	9,376	444,717	454,093
<u>CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on state revolving loans	(144,000)	(68,000)	(212,000)
Purchase of capital assets and construction in progress	(452,929)	(9,761)	(462,690)
Proceeds from federal funding	32,228	-	32,228
Interest paid	(10,064)	(19,705)	(29,769)
Net cash used in capital and related financing activities	(574,765)	(97,466)	(672,231)
<u>INVESTING ACTIVITIES</u>			
Interest received	2,815	958	3,773
Net cash provided by investing activities	2,815	958	3,773
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(1,183,986)	583,696	(600,290)
<u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u>	1,920,898	45,354	1,966,252
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	\$ 736,912	\$ 629,050	\$ 1,365,962
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>			
Operating income (loss)	\$ (453,813)	\$ 45,254	\$ (408,559)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities (used in):			
Depreciation	352,188	124,772	476,960
Changes in assets and liabilities			
Receivables	62,034	61,724	123,758
Prepaid items	(74)	(21)	(95)
Accounts payable	(546,573)	1,045	(545,528)
Accrued payroll	(3,486)	1,630	(1,856)
Compensated absences	540	1,083	1,623
Unearned revenue	(32,228)	-	(32,228)
Net cash provided by (used in) operating activities	\$ (621,412)	\$ 235,487	\$ (385,925)

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

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

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, 2024

1. Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (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, 2024

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, 2024

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, 2024.

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, 2024

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, 2024

1. Summary of Significant Accounting Policies (continued)

Compensated absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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, 2024, the Town has recorded a compensated absences payable of \$86,250 on the statement of net position.

Deferred Outflows and Inflows of Resources and Pensions

In addition to assets and liabilities, the statement of net position and governmental funds balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time.

The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town's contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan.

They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a four-year period.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Summary of Significant Accounting Policies (continued)

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.

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.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Summary of Significant Accounting Policies (continued)

Governmental Fund Statements (continued)

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.

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, 2024, property taxes levied were 5.35 mills for general purposes.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Summary of Significant Accounting Policies (continued)

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.

Recent Pronouncements –Adopted

The GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement related to the enhancement in comparability in accounting and financial reporting related to financial guarantees, other derivative instruments, extended use of LIBOR and other technical corrections and are effective for periods beginning after June 15, 2023. The adoption of this standard did not have any material impact on the financial statements of the Town.

The GASB issued Statement No. 100, *Accounting Changes and Error Correction* — an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement is effective for fiscal years beginning after June 15, 2023. The adoption of this standard did not have any material impact on the financial statements of the Town.

The GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal year beginning after December 15, 2023. The adoption of this standard did not have any material impact on the financial statements of the Town.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Cash and Cash Equivalents

At December 31, 2024, cash and cash equivalents consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand deposits	\$ 5,787,167	\$ 5,806,346
Money Market	982,364	1,028,612
	<u>\$ 6,769,531</u>	<u>\$ 6,834,958</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, 2024, 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 \$6,584,958 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.

2. Receivables

Net receivables of governmental funds at December 31, 2024, 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	\$ 268,715	\$ -	\$ -	\$ -	\$ 268,715
Sales taxes	-	130,983	296,124	-	427,107
Franchise taxes	58,862	-	-	-	58,862
FEMA receivables	-	-	-	4,437	4,437
Other receivables	502	997	609	-	2,108
Gross receivables	328,079	131,980	296,733	4,437	761,229
Less: Allowances	(1,412)	-	-	-	(1,412)
Total	<u>\$ 326,667</u>	<u>\$ 131,980</u>	<u>\$ 296,733</u>	<u>\$ 4,437</u>	<u>\$ 759,817</u>

Net receivables of proprietary funds at December 31, 2024, were as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Sales taxes	\$ 51,496	\$ -	\$ 51,496
Water and sewer	39,855	65,398	105,253
Gross receivables	91,351	65,398	156,749
Less: Allowances	(20,687)	(26,101)	(46,788)
Total	<u>\$ 70,664</u>	<u>\$ 39,297</u>	<u>\$ 109,961</u>

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

3. 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, 2024:

	Balance at December 31, 2023	Additions	Deletions	Balance at December 31, 2024
Capital assets not depreciated				
Land	\$ 104,377	\$ -	\$ -	\$ 104,377
Construction in progress	-	57,152	-	57,152
Total	104,377	57,152	-	161,529
Capital assets being depreciated				
Infrastructure	1,503,740	-	-	1,503,740
Buildings and Improvements	447,936	7,036	-	454,972
Machinery and Equipment	1,099,317	177,694	-	1,277,011
Furniture and Office Equipment	52,535	18,000	-	70,535
Vehicles	1,077,808	46,322	-	1,124,130
Total	4,181,336	249,052	-	4,430,388
Accumulated depreciation / amortization				
Infrastructure	(522,516)	(52,928)	-	(575,444)
Buildings and Improvements	(289,906)	(15,758)	-	(305,664)
Machinery and Equipment	(823,293)	(46,297)	-	(869,590)
Furniture and Office Equipment	(49,819)	(2,057)	-	(51,876)
Vehicles	(671,441)	(147,075)	-	(818,516)
Total	(2,356,975)	(264,115)	-	(2,621,090)
Capital assets being depreciated, net	1,824,361	(15,063)	-	1,809,298
Total	\$ 1,928,738	\$ 42,089	-	\$ 1,970,827

Depreciation and amortization was charged to governmental functions as follows:

General government	\$ 25,038
Public works	70,401
Public safety	142,696
Recreation	25,980
Total	<u>\$ 264,115</u>

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

3. 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, 2024.

	Balance at December 31, 2023	Additions	Deletions	Transfers	Balance at December 31, 2024
Capital assets not depreciated:					
Land	\$ 68,609	\$ -	\$ -	\$ -	\$ 68,609
Construction in progress	992,109	453,215	-	(1,435,565)	9,759
Total	1,060,718	453,215	-	(1,435,565)	78,368
Capital assets being depreciated:					
Water system and equipment	7,643,329	-	-	-	7,643,329
Sewer system and equipment	7,935,559	-	-	1,435,565	9,371,124
Machinery and equipment	587,521	9,475	-	-	596,996
Total	16,166,409	9,475	-	1,435,565	17,611,449
Accumulated depreciation:					
Water system and equipment	(3,596,422)	(219,906)	-	-	(3,816,328)
Sewer system and equipment	(4,849,010)	(201,266)	-	-	(5,050,276)
Machinery and equipment	(424,268)	(55,788)	-	-	(480,056)
Total	(8,869,700)	(476,960)	-	-	(9,346,660)
Capital assets being depreciated, net	7,296,709	(467,485)	-	1,435,565	8,264,789
Total	<u>\$ 8,357,427</u>	<u>\$ (14,270)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,343,157</u>

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

4. 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 \$114,039 for the year ended December 31, 2024. 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.

5. Long Term Obligation

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 2024:

	<u>Sewer fund</u>	<u>Water fund</u>
Balance at beginning of year	2,308,444	702,000
Loan drawdowns	-	-
Principal payments	(144,000)	(68,000)
Balance at end of year	<u>\$ 2,164,444</u>	<u>\$ 634,000</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 \$634,000 at December 31, 2024.

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. 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 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 \$2,164,444 at December 31, 2024.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

6. Long Term Obligation (continued)

The future debt service requirements are as follows:

<u>Year Ending December 31,</u>	<u>LDHH Drinking Water State</u>		<u>LDEQ Clean Water State</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	80,000	8,791	151,000	6,750
2030-2034	258,000	11,594	776,000	18,357
2035 - 2038	-	-	648,444	5,824
Total	<u>\$ 634,000</u>	<u>\$ 78,117</u>	<u>\$ 2,164,444</u>	<u>\$ 64,620</u>

A summary of changes in long-term obligations are as follows for the year ended December 31, 2024:

<u>Governmental Activities</u>				
	<u>Compensated absences</u>	<u>Net Pension Liability</u>	<u>Compensated absences</u>	<u>Total</u>
January 1	\$ 55,797	\$ -	\$ -	\$ 55,797
Additions	79,842	747,791	-	827,633
Reductions	(49,389)	-	-	(49,389)
December 31	<u>\$ 86,250</u>	<u>\$ 747,791</u>	<u>\$ -</u>	<u>\$ 834,041</u>
Due within one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Business Type Activities</u>				
	<u>LDHH Loan</u>	<u>LDEQ Loan</u>	<u>Compensated absences</u>	<u>Total</u>
January 1	\$ 702,000	\$ 2,308,444	\$ 28	\$ 3,010,472
Additions	-	-	8,149	8,149
Reductions	(68,000)	(144,000)	(6,554)	(218,554)
December 31	<u>\$ 634,000</u>	<u>\$ 2,164,444</u>	<u>\$ 1,623</u>	<u>\$ 2,800,067</u>
Due within one year	<u>\$ 70,000</u>	<u>\$ 145,000</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

7. Capital Lease

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. As of December 31, 2024, the accumulated amortization is \$48,984 on the leased assets.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2024, were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 58,176
2026	58,176
2027	<u>43,632</u>
Total minimum lease payments	159,984
<u>Less: Amount representing interest</u>	<u>(15,334)</u>
Present value of minimum lease payments	<u>\$ 144,650</u>

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. Pension Plan

The Town is a participating employer in one State-wide cost-sharing multiple employer defined benefit pension plans that include the Municipal Police Employees' Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the Statewide plans to the State Legislature. Each system is administered by a separate board of trustees.

General Information about the Pension Plans

Plan Description – Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233.

Benefits Provided - Municipal Police Employees' Retirement System (MPERS)

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. Pension Plan (continued)

General Information about the Pension Plans (continued)

Benefits Provided — MPERS (continued)

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability, and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children.

Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Deferred Retirement Option Plan benefits (DROP) - MPERS

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. Pension Plan (continued)

General Information about the Pension Plans (continued)

Initial Benefit Option Plan - MPERS

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

Contributions - MPERS

Contributions for all members are actuarially determined as required by state statutes but cannot be less than 9.0% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ending June 30, 2024, the actuarially determined contribution rates were 33.93% of member's compensation.

For the year ended December 31, 2024, the Town's total actual employer and employee contribution rate was 35.6% for the year ended June 30, 2025, and 33.93% for the year ended June 30, 2024, respectively. For employees hired prior to January 1, 2013 and for Hazardous Duty members hired after January 1, 2013, the rates were 33.93% for the employer and 10.00% for the employee. For all Non-Hazardous Duty members hired subsequent to January 1, 2013, the rates were 33.93% for the employer and 8.0% for the employee.

The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 36.43% for employers and 7.50% for the employee. In accordance with state statutes, the system also receives insurance premium taxes as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The additional sources are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations. Non-employer contributions are recognized as revenue by the system and are excluded from pension expense for the year. Contributions to the pension plan from the Town were \$257,535 for the year ended December 31, 2024.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. Pension Plan (continued)

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

At December 31, 2024, the Town reported liability of \$747,791 for its proportionate share of the Net Pension liabilities (NPL). The NPL for MPERS was measured as of June 30, 2024 and the total pension liability used to calculate the NPL was determined based on an actuarial valuation as of those dates. The Town's proportion of the NPL was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined.

The following table reflects the Town's proportionate share of the Net Pension Liability for each of the pension plans, the proportion at June 30, 2024 and the change compared to the June 30, 1899 proportion.

	Net Pension Liability at June 30, 2024	Proportionate Rate at June 30, 2024	Increase (Decrease) on June 30, 2023 Rate
Municipal Police Employees' Retirement System	\$ 747,791	0.082538%	100.00%

The following table reflects the Town's recognized pension expense plus the Town's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions for each of the pension plans for the year ended December 31, 2024.

	Pension Expense
Municipal Police Employees' Retirement System	\$ 302,783

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. Pension Plan (continued)

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

At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from MPERS:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 40,487	\$ 22,621
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	20,788	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions:		
Change in proportion	526,696	-
Difference in contributions	19,053	-
Employer contributions subsequent to the measurement date	<u>159,833</u>	<u>-</u>
Total	<u>\$ 766,857</u>	<u>\$ 22,621</u>

Deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2025. The following table lists the pension contributions made subsequent to the measurement period for each pension plan.

	<u>Subsequent Contributions</u>
Municipal Police Employees' Retirement System	\$ 159,833

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

<u>Year</u>	<u>MPERS</u>
2025	\$ 184,175
2026	253,565
2027	155,006
2028	<u>(8,343)</u>
	<u>\$ 584,403</u>

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. Pension Plan (continued)

Actuarial Assumptions

	<u>MPERS</u>	
Valuation Date	June 30, 2024	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Expected Remaining		
Service Lives	4 years	
Investment Rate of Return	6.75% net of investment expenses	
Inflation Rate	2.50% per annum	
Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.	
	For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the	
Salary Increases	Years of	
	<u>Service</u>	<u>Salary Growth Rate</u>
	1 - 2	12.30%
	Above 2	4.70%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. Pension Plan (continued)

Actuarial Assumptions (continued)

The following table lists the methods used by each of the pension plans in determining the long-term rate of return on pension plan investments.

MPERS

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.86% for the year ended June 30, 2024.

Best estimates of the arithmetic real rates of return for each major asset class included in the MPERS' target asset allocations as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52.00%	3.14%
Fixed Income	34.00%	1.07%
Alternatives	14.00%	1.03%
Total	100.00%	5.24%
Inflation		2.62%
Expected Arithmetic Nominal Return		7.86%

Discount Rate

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

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. Pension Plan (continued)

Sensitivity of the Proportionate Share of the NPL to changes in the Discount Rate

The following presents the Town's proportionate share of the Net Pension Liability using the discount rate, as well as what the Town's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Municipal Police Employees' Retirement System			
Rates	5.750%	6.750%	7.750%
Town's proportionate share of NPL	\$ 937,495	\$ 747,791	\$ 444,728

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Town recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2024, the Town recognized revenue as a result of support received from non-employer contributing entities for the following amounts for each pension plan:

	<u>Non- employer Contributing Entity</u>
Municipal Police Employees' Retirement System	\$ 21,469

Pension Plan Fiduciary Net Position

MPERS issue publicly available financial reports that include financial statements and required supplementary information for the systems. Detailed information about each system's fiduciary net position is available in these separately issued financial reports. These reports may be obtained by visiting the Louisiana Legislative Auditor's website at www.la.la.gov and searching under the Reports section.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. Pension Plan (continued)

Payables to the Pension Plans

The Town recorded accrued liabilities to each of the Retirement Systems for the year ended December 31, 2024 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accrued payroll on the statement of net position. The balance due for MPERS at December 31, 2024 is as follows:

	<u>Payables to Pension Plan</u>
Municipal Police Employees' Retirement System	\$ 15,040

9. Interfund balances

Due to / from other funds at December 31, 2024, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ 7,333	\$ 64,091
Police Fund	100,612	-
Street Fund	5,741	125,928
Storm Fund	39,085	-
	<u>152,771</u>	<u>190,019</u>
Proprietary funds:		
Sewer fund	39,672	383,130
Water fund	380,706	-
	<u>420,378</u>	<u>383,130</u>
Total	<u>\$ 573,149</u>	<u>\$ 573,149</u>

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

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

9. Interfund balances (continued)

Operating transfers between funds occur in the normal course of business and were as follows, during the year ended December 31, 2024:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental funds:		
General Fund	\$ 40,000	\$ (700,000)
Police Fund	525,000	-
Street Fund	-	(40,000)
Storm Fund	-	-
	<u>565,000</u>	<u>(740,000)</u>
Proprietary funds:		
Sewer fund	75,000	-
Water Fund	100,000	-
	<u>175,000</u>	<u>-</u>
Total	<u>\$ 740,000</u>	<u>\$ (740,000)</u>

10. 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, 2024, 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.

11. Commitments and Contingencies

At December 31, 2024, 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.

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

12. 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, 2024:

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.

13. 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, 2024, the Town recognized federal revenue from the American Rescue Plan Act in the amount of \$32,228.

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.

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, 2024

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>REVENUES</u>				
Taxes				
Ad valorem	\$ 230,000	\$ 250,000	\$ 282,906	\$ 32,906
Franchise taxes	220,000	230,000	240,480	10,480
Fines and forfeitures	430,000	825,000	1,013,965	188,965
Licenses and permits	136,500	167,000	184,668	17,668
Insurance licenses	125,000	135,000	134,059	(941)
Grants and reimbursements	-	-	-	-
Other revenues	46,700	44,000	51,198	7,198
Service fees	-	-	-	-
Interest income	6,000	6,000	9,392	3,392
Total revenues	<u>1,194,200</u>	<u>1,657,000</u>	<u>1,916,668</u>	<u>259,668</u>
<u>EXPENDITURES</u>				
General government	916,245	1,161,060	978,089	182,971
Public works	10,000	10,000	-	10,000
Recreation	100,000	150,000	15,373	134,627
Capital outlay	10,000	71,000	144,805	(73,805)
Total expenditures	<u>1,036,245</u>	<u>1,392,060</u>	<u>1,138,267</u>	<u>253,793</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	48,000	40,000	40,000	-
Transfers to other funds	(370,000)	(700,000)	(700,000)	-
Total other financing sources (uses)	<u>(322,000)</u>	<u>(660,000)</u>	<u>(660,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	(164,045)	(395,060)	118,401	513,461
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>2,698,157</u>	<u>2,698,157</u>	<u>2,698,157</u>	<u>-</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 2,534,112</u>	<u>\$ 2,303,097</u>	<u>\$ 2,816,558</u>	<u>\$ 513,461</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, 2024

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>REVENUES</u>				
Sales taxes	\$ 920,000	\$ 1,025,000	\$ 1,121,230	\$ 96,230
Grants and reimbursements	323,199	323,199	327,018	3,819
Other revenues	19,800	57,000	31,706	(25,294)
Interest income	250	250	471	221
Total revenues	<u>1,263,249</u>	<u>1,405,449</u>	<u>1,480,425</u>	<u>74,976</u>
<u>EXPENDITURES</u>				
General government	-	-	-	-
Public safety	1,711,687	2,092,887	2,109,682	(16,795)
Capital outlay	33,000	39,000	43,394	(4,394)
Total expenditures	<u>1,744,687</u>	<u>2,131,887</u>	<u>2,153,076</u>	<u>(21,189)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	280,000	525,000	525,000	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>280,000</u>	<u>525,000</u>	<u>525,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	(201,438)	(201,438)	(147,651)	53,787
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>416,772</u>	<u>416,772</u>	<u>416,772</u>	<u>-</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 215,334</u>	<u>\$ 215,334</u>	<u>\$ 269,121</u>	<u>\$ 53,787</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, 2024

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>REVENUES</u>				
Sales taxes	\$ 920,000	\$ 1,106,000	\$ 1,203,266	\$ 97,266
Ad valorem	5,000	5,000	-	(5,000)
Grants and reimbursements	-	-	7,875	7,875
Other revenues	181,300	22,500	22,028	(472)
Interest income	5,000	2,800	8,129	5,329
Total revenues	<u>1,111,300</u>	<u>1,136,300</u>	<u>1,241,298</u>	<u>104,998</u>
<u>EXPENDITURES</u>				
Public works	2,098,000	2,196,300	783,964	1,412,336
Capital outlay	50,000	-	118,005	(118,005)
Total expenditures	<u>2,148,000</u>	<u>2,196,300</u>	<u>901,969</u>	<u>1,294,331</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	(40,000)	(40,000)	(40,000)	-
Total other financing sources (uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(1,076,700)</u>	<u>(1,100,000)</u>	<u>299,329</u>	<u>1,399,329</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>2,550,890</u>	<u>2,550,890</u>	<u>2,550,890</u>	<u>-</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 1,474,190</u>	<u>\$ 1,450,890</u>	<u>\$ 2,850,219</u>	<u>\$ 1,399,329</u>

See Independent Auditor's Report.

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST SHARING PLANS ONLY
FOR THE YEAR ENDED DECEMBER 31, 2024 (*)

<u>Year ended June 30</u>	<u>Employer's proportion of the net pension liability (asset)</u>	<u>Employer's proportionate share of the net pension liability (asset)</u>	<u>Employer's covered payroll</u>	<u>Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
<u>Municipal Police Employees' Retirement System</u>					
2024	0.0825%	\$ 747,791	\$ 319,668	233.9274%	75.8402%

Schedule is intended to show information for 10 years.

(*) The amounts presented were determined as of the measurement date (year ended June 30)

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
COST SHARING PLANS ONLY
FOR THE YEAR ENDED DECEMBER 31, 2024 (*)

<u>Year ended June 30</u>	<u>Contractually required contribution (1)</u>	<u>Contributions in relation to the contractually required contribution (2)</u>	<u>Contribution deficiency (excess)</u>	<u>Employers covered payroll (3)</u>	<u>Contributions as a percentage of covered payroll</u>
<u>Municipal Police Employees' Retirement System</u>					
2024	\$ 257,535	\$ 257,535	\$ -	\$ 759,130	33.93%

Schedule is intended to show information for 10 years.

(*) The amounts presented were determined as of the measurement date (year ended June 30)

- (1) Employer contribution rate multiplied by employer's covered employee payroll
- (2) Actual employer contributions remitted to Retirement systems
- (3) Employers covered payroll amount for the year ended December 31 of each year

TOWN OF PEARL RIVER, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

Changes in Benefit Terms

There were no changes of benefits terms for the year ended December 31, 2024

Changes in Benefit Assumptions

There were no changes of benefits assumptions for the year ended December 31, 2024

ADDITIONAL SUPPLEMENTARY INFORMATION

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF OPERATING EXPENSES - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Enterprise Funds		
	Sewer Fund	Water Fund	Total Proprietary Funds
<u>SEWER SYSTEM EXPENSES</u>			
Repairs and maintenance	\$ 140,613	\$ -	\$ 140,613
Utilities	134,638	-	134,638
Salaries	70,328	-	70,328
Supplies	31,630	-	31,630
Other	6,353	-	6,353
Total sewer system expenses	<u>383,562</u>	<u>-</u>	<u>383,562</u>
<u>WATER SYSTEM EXPENSES</u>			
Salaries	-	61,724	61,724
Water fees	-	61,249	61,249
Repairs and maintenance	-	59,315	59,315
Supplies	-	26,144	26,144
Utilities	-	11,818	11,818
Other	-	870	870
Total water system expenses	<u>-</u>	<u>221,120</u>	<u>221,120</u>
<u>ADMINISTRATIVE AND GENERAL EXPENSES</u>			
Fees and licenses	11,182	14,712	25,894
Office expense	14,957	9,940	24,897
Credit card fees	5,323	-	5,323
Insurance	3,017	2,006	5,023
Education and training	2,037	2,185	4,222
Other	3,476	-	3,476
Total administrative and general expenses	<u>\$ 39,992</u>	<u>\$ 28,843</u>	<u>\$ 68,835</u>

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, 2024

<u>Board of Alderman</u>	<u>End of Term</u>	<u>Compensation</u>
Virgil Phillips	December 31, 2026	\$ 10,800
Angela Galloway	December 31, 2026	\$ 10,800
Kristy Franatovich	December 31, 2026	\$ 10,800
Timothy Moray	December 31, 2026	\$ 10,800
Cheryl Schultheis	December 31, 2026	\$ 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, 2024

AGENCY HEAD: Joe Lee, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 53,000
Benefits - insurance	-
Benefits - retirement	7,848
Benefits- other	-
Car allowance	456
Vehicle provided by government	-
Per diem	516
Reimbursements	187
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<u>\$ 62,007</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 (12/31/2024)	12/31/2024	

	First Six Month Period Ended 06/30/24	Second Six Month Period Ended 12/31/24
--	---	--

Cash Basis Presentation

1. Beginning Balance of Amounts Collected (i.e. cash on hand)

-	-
---	---

2. Add: Collections

a Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
b Bond Fees	-	-
c Asset Forfeiture/Sale	-	-
d Pre-Trial Diversion Program Fees	-	-
e Criminal Court Costs/Fees	32,854	30,041
f Criminal Fines - Contempt	-	-
g Criminal Fines - Other	475,968	477,414
h Restitution	-	-
i Probation/Parole/Supervision Fees	-	-
j Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	2,580	2,241
k Interest Earnings on Collected Balances	-	-
l Other (do not include collections that fit into more specific categories above)	-	-
m Subtotal Collections	511,402	509,696

3. Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)

Louisiana Dept of Health - Traumatic Head & Spinal Cord	8,020	7,847
Louisiana Supreme Court - LA Judicial College	1,060	1,020
Louisiana Commission on Law Enforcement - POST Law Enforcement	4,285	4,139
Treasurer State of Louisiana - CMIS	6,385	6,237
Crime Stoppers	4,077	3,778
Florida Parish Juvenile Justice Commission	9,027	7,020
Agency name/collection type	-	-

4. Less: Amounts Retained by Collecting Agency

a	Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
b	Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
c	Amounts "Self-Disbursed" to Collecting Agency (<i>must include a separate line for each collection type, as applicable</i>) - Example: Criminal Fines - Other (<i>Additional rows may be added as necessary</i>)	-	-
	Town of Pearl River - Criminal Fines - Other	475,968	477,414

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

a	Civil Fee Refunds	-	-
b	Bond Fee Refunds	-	-
c	Restitution Payments to Individuals (additional detail is not required)	-	-
d	Other Disbursements to Individuals (additional detail is not required)	-	-
e	Payments to 3rd Party Collection/Processing Agencies	2,580	2,241

6. Subtotal Disbursements/Retainage

511,402	509,696
---------	---------

7. Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)

-	-
---	---

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.

-	-
---	---

9. Other Information:

a	Ending Balance of Total Amounts Assessed but not yet Collected (<i>i.e. receivable balance</i>)	-	-
b	Total Waivers During the Fiscal Period (<i>i.e. non-cash reduction of receivable balances, such as time served or community service</i>)	-	-

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, 2024, 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, 2025.

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 weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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, 2025

TOWN OF PEARL RIVER, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

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 No.

Noncompliance material to the financial statements: None reported.

Other matter: No.

TOWN OF PEARL RIVER, LOUISIANA
LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT
DECEMBER 31, 2024



TOWN OF PEARL RIVER, LOUISIANA

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

DECEMBER 31, 2024

Town of Pearl River
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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, 2024 through December 31, 2024. 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, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures 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, 2025

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2024

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.

No exceptions were found as a result of this procedure.

- 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, 2024

- 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.

No exceptions were found as a result of this procedure.

- 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).

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

- 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,

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2024

processes, and tools needed to recover operations after a critical event.

No exceptions were found as a result of this procedure.

- 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.*

No exceptions were found as a result of this procedure.

- 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.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2024

- 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.

No exceptions were found as a result of this procedure.

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 2 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 3 of the 5 bank reconciliations were not reviewed by management within 1 month of comparing the reconciliation..

- 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 5 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.

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2024

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.

- 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

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2024

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.

No exceptions were found as a result of this procedure.

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

Exception noted. RICHARD CPAS observed there were no prenumbered receipts related to water and sewer receipts.

- 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).

No exceptions were found as a result of this procedure.

- 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

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2024

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.

- 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

TOWN OF PEARL RIVER, LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2024

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.

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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe 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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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);

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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

- 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;

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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);

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's

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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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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);

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- D. Obtain management's representation that employer and employee portions of third-party payroll

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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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

10) Ethics

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

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

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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

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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).

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- iii. Obtain a listing of the entity’s computers currently in use and their related locations, and

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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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

- 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.

N/A – procedure was not tested due to 2-year testing cycle, approved by the LLA.

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.

No exceptions were found as a result of this procedure.

- 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.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that

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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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Aldermen

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

2024 Audited AUPs

- 3(A)(i)** Bank Reconciliations will be processed within 2 months of the statement closing date
- 3(A)(ii)** The Mayor will sign all reconciliations within 1 month of the reconciliation date.
- 3(A)(iii)** The Mayor will note that reconciling items have been researched to the best of our ability
- 4(B)(ii)** The Town's workforce is too small to segregate all these duties.
- 4(D)(ii)** Munibilling system does not allow for the prenumbering of Water/Sewer receipts.
- 5(A)(iii)** Quickbooks system does not prevent the employee who processes payments from entering/modifying vendor files.
- 14(B)** The sexual harassment policy & complaint procedure is now listed on the Town's website.

Joe D. Lee

Mayor



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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate fund information of the Town of Pearl River (the Town) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements.

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

Subsequent to the issuance of our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These observations and recommendations have been discussed with the appropriate members of management and are intended to improve internal control or result in other operating efficiencies and are summarized as follows.

2024-001 Reconciliation of fines and forfeitures amounts

Observation: The City Hall staff provided the auditors with a system generated report of a list of ticket numbers where a break in the number sequence identifies a ticket number that is not input into the Town's Court system. There may be explanations for the break-in the numeric sequence such as an unused ticket book that remains in the inventory of the police department or a ticket that is not forwarded to the Town's Court but to a different jurisdiction. The City Hall staff and the Police department do not have a process in place to document the reason for the break-in sequence of the tickets provided by the Police department to City Hall.

Recommendation: The Town should implement policies and procedures to more formally reconcile the break-in-number sequence report from City Hall with documentation maintained by the police department in order to account for differences. The reconciliation and / or related documents should be provided to the Mayor and to the Police Chief on a regular basis throughout the year.

Management response: The Town concurs with the recommendation and will attempt to work with the Police department to identify reasons for the break in the ticket number sequence.

Our audit procedures are designed primarily to enable us to form an opinion on the basic financial statements and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Town gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

The Town's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

Richard CPAS

Metairie, Louisiana
June 30, 2025