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TOWN OF PEARL RIVER
PEARL RIVER, LOUISIANA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
REPORT WITH SUPPLEMENTAL INFORMATION

December 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 19 2000

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Board of Aldermen
Town of Pearl River, Louisiana

We have audited the accompanying primary government financial statements of the Town of Pearl River, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and Office of Management and Budget Circular A-133. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the primary government financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of the Town of Pearl River, Louisiana, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of the Housing Authority of the Town of Pearl River (the only component unit of the Town of Pearl River, Louisiana), do not purport to, and do not, present fairly the financial position of the Town of Pearl River, Louisiana, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the primary government financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Pearl River, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 17, 2000 on our consideration of the Town of Pearl River's internal control over financial reporting and, on its compliance with laws, regulations, contracts, and grants.

Smith, Hural & Associates, L.L.C.

March 17, 2000

PRIMARY GOVERNMENT FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

Town of Pearl River, Louisiana

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1999

	Governmental Fund Types		Special Revenue	Proprietary Fund Type		Account Groups		Total
	General			Enterprise		General Fixed Assets	General Long-Term Debt	
ASSETS								
Cash on hand and in bank	\$ 42,998	\$ 65,906	\$ 235,679	\$	\$	\$	\$	344,583
Certificates of deposit	90,304		110,187					200,491
Receivables								
Property taxes	35,954							35,954
Sales taxes		26,349						26,349
Other	23,646	50,912	150					74,708
Accounts receivable, net			24,822					24,822
Interest receivable	82	64	605					751
Due from other funds	127,091	9,761						136,852
Restricted assets:								
Revenue Bond Sinking Fund				35,493				35,493
Cash								
Revenue Bond Reserve Fund				53,209				53,209
Certificate of deposit								
Depreciation and Contingency Fund								
Cash				6,099				6,099
Bond issuance costs				19,192				19,192
Fixed assets - net of depreciation				3,325,498				3,325,498
Construction in progress				429,480		684,865		1,114,345
Amount to be provided for retirement of capital lease							12,274	12,274
	\$ 320,075	\$ 152,992	\$ 4,240,414	\$	\$ 684,865	\$	\$ 12,274	\$ 5,410,620

The accompanying notes are an integral part of this statement.

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

December 31, 1999

	Governmental Fund Types		Proprietary Fund Type	Account Groups			Total
	General	Special Revenue		Enterprise	General Fixed Assets	General Long-Term Debt	
LIABILITIES AND FUND EQUITY							
Current liabilities:							
Accounts payable and accrued expenses	\$ 6,953	\$ 65,996	\$ 37,411	\$ -	\$ -	\$ -	\$ 110,360
Deferred revenue		24,957	22,115				22,115
Due to other funds			111,895				136,852
Payable from restricted assets:							
Interest payable on revenue bonds			12,609				12,609
Revenue bonds payable			50,813		12,274		50,813
Capital lease payable							12,274
Long-term liabilities:							
Bonds payable			950,685				950,685
Total liabilities	<u>6,953</u>	<u>90,953</u>	<u>1,185,528</u>	<u>-</u>	<u>12,274</u>	<u>-</u>	<u>1,295,708</u>
Fund Equity:							
Contributed capital			2,749,280				2,749,280
Investment in General Fixed Assets				684,865			684,865
Retained earnings:							
Revenue Bond Fund			25,280				25,280
Contingencies Fund			6,099				6,099
Unreserved			274,227				274,227
Fund balances:							
Reserve for contingency	25,044						25,044
Reserve for future project	39,321						39,321
Unreserved and undesignated	248,757	62,039					310,796
Total fund equity	<u>313,122</u>	<u>62,039</u>	<u>3,054,886</u>	<u>684,865</u>	<u>-</u>	<u>-</u>	<u>4,114,912</u>
	\$ <u>320,075</u>	\$ <u>152,992</u>	\$ <u>4,240,414</u>	\$ <u>684,865</u>	\$ <u>12,274</u>	\$ <u>-</u>	\$ <u>5,410,620</u>

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 1999

	General	Special Revenue	Total (Memorandum Only)
Revenues:			
Taxes	\$ 58,787	\$ 334,806	\$ 393,593
Court fines	82,792		82,792
Licenses and permits	88,783		88,783
Insurance licenses	60,317		60,317
Grants	10,000	373,240	383,240
Interest	1,358	1,323	2,681
Other	30,090	12,479	42,569
Total revenues	<u>332,127</u>	<u>721,848</u>	<u>1,053,975</u>
Expenditures:			
General government	206,996		206,996
Police		249,151	249,151
Public works		552,699	552,699
Total expenditures	<u>206,996</u>	<u>801,850</u>	<u>1,008,846</u>
Excess (deficiency) of revenues over expenditures	125,131	(80,002)	45,129
Other financing sources (uses)			
Sales of fixed assets		10,000	10,000
Operating transfers in	31,654	271,485	303,139
Operating transfers out	(128,858)	(199,056)	(327,914)
Total other financing sources (uses)	<u>(97,204)</u>	<u>82,429</u>	<u>(14,775)</u>
Excess of revenue and other financing sources over expenditures and other financing uses	27,927	2,427	30,354
Fund balance, beginning	<u>285,195</u>	<u>59,612</u>	<u>344,807</u>
Fund balance, ending	\$ <u>313,122</u>	\$ <u>62,039</u>	\$ <u>375,161</u>

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

For the Year Ended December 31, 1999

	General Fund		Special Revenue Funds		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Revenues:					
Taxes	\$ 36,500	\$ 58,787	\$ 22,287	\$ 334,806	\$ 50,806
Court fines	74,000	82,792	8,792	-	-
Licenses and permits	66,000	88,783	22,783	-	-
Insurance licenses	60,000	60,317	317	-	-
Grants	10,000	10,000	-	373,240	(135,760)
Interest		1,358	1,358	1,323	1,323
Other	50,506	30,090	(20,416)	12,479	4,927
Total revenue	<u>297,006</u>	<u>332,127</u>	<u>800,552</u>	<u>721,848</u>	<u>(78,704)</u>
Expenditures:					
General government	221,809	206,996	14,813	249,689	538
Police				710,060	157,361
Public works				959,749	157,899
Total expenditures	<u>221,809</u>	<u>206,996</u>	<u>14,813</u>	<u>801,850</u>	<u>157,899</u>
Excess (deficiency) of revenues over expenditures	<u>75,197</u>	<u>125,131</u>	<u>49,934</u>	<u>(80,002)</u>	<u>79,195</u>
Other financing sources (uses):					
Sale of fixed assets				10,000	10,000
Operating transfers in		31,654	31,654	271,485	155,288
Operating transfers out	(116,197)	(128,858)	(12,661)	(199,056)	(199,056)
Total other financing sources (uses)	<u>(116,197)</u>	<u>(97,204)</u>	<u>18,993</u>	<u>82,429</u>	<u>(33,768)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ <u>(41,000)</u>	\$ <u>27,927</u>	\$ <u>68,927</u>	\$ <u>2,427</u>	\$ <u>45,427</u>
Fund balance, beginning		<u>285,195</u>		<u>59,612</u>	
Fund balance, ending		\$ <u>313,122</u>		\$ <u>62,039</u>	

The accompanying notes are an integral part of this statement.

Town of Pearl River, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUND TYPE

For the Year Ended December 31, 1999

	<u>1999</u>	<u>1998</u>
Operating revenues		
Sewer charges	\$ 176,501	\$ 167,218
Water charges	71,868	62,964
Late fees	4,842	4,584
Other fees and charges	<u>14,369</u>	<u>15,210</u>
Total operating revenues	<u>267,580</u>	<u>249,976</u>
Operating expenses		
Administrative and general	29,360	28,181
Sewerage system expense	50,887	61,671
Water system expense	30,100	24,429
Amortization of bond issuance costs	1,371	-
Depreciation	<u>176,323</u>	<u>174,417</u>
Total operating expenses	<u>288,041</u>	<u>288,698</u>
Net operating loss	(20,461)	(38,722)
Non-operating revenues (expenses)		
Interest income	22,607	13,315
Interest expense	<u>(47,981)</u>	<u>(47,027)</u>
Total non-operating revenues (expenses)	<u>(25,374)</u>	<u>(33,712)</u>
Net loss before operating transfers	(45,835)	(72,434)
Operating transfer in	<u>24,775</u>	<u>-</u>
Net loss	(21,060)	(72,434)
Depreciation transferred to Contributed Capital	<u>135,387</u>	<u>135,192</u>
Net increase in retained earnings	114,327	62,758
Retained earnings, beginning	<u>191,279</u>	<u>128,521</u>
Retained earnings, ending	<u>\$ 305,606</u>	<u>\$ 191,279</u>

The accompanying notes are an integral part of this statement.

Town of Pearl River, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE

For the Year Ended December 31, 1999

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Net operating loss	\$ (20,461)	\$ (38,722)
Adjustments to reconcile net operating loss to net cash provided by operating activities		
Depreciation	176,323	174,417
Amortization of bond issuance costs	1,371	-
Increase in accrued receivables	(1,533)	(2,315)
Increase (decrease) in accounts payable	30,175	(1,823)
Increase in deferred revenue	<u>1,642</u>	<u>1,406</u>
Total adjustments	<u>207,978</u>	<u>171,685</u>
Net cash provided by operating activities	<u>187,517</u>	<u>132,963</u>
Cash flows from capital and related financing activities:		
Principal payments	(48,502)	(576,000)
Purchase of fixed assets	(13,412)	(48,161)
Construction of facilities	(420,145)	(4,900)
Interest payments	(53,026)	(73,101)
Bond issuance costs	-	(20,563)
Bond proceeds	-	1,050,000
Operating transfer in	<u>24,775</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(510,310)</u>	<u>327,275</u>
Cash flows from investing activities:		
Interest received	22,461	13,167
Net purchases of certificates of deposit	<u>(4,231)</u>	<u>(76,407)</u>
Net cash provided (used) by investing activities	<u>18,230</u>	<u>(63,240)</u>
Net increase (decrease) in cash and cash equivalents	(304,563)	396,998
Cash and cash equivalents at the beginning of the year	<u>581,834</u>	<u>184,836</u>
Cash and cash equivalents at the end of the year	<u>\$ 277,271</u>	<u>\$ 581,834</u>

The accompanying notes are an integral part of this statement.

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Pearl River was incorporated in 1906 under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Pearl River conform to generally accepted accounting principles (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

1. Reporting Entity

All activities of the primary government are included in these financial statements.

Based upon the criteria of Governmental Accounting Standards Board Statement No. 14, it has been determined that the Housing Authority of Town of Pearl River is the only component unit of the Town of Pearl River.

The Town, as the reporting entity, is the primary government. Governmental Accounting Standards Board Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, a primary government's financial statements are not a substitute for the reporting entity's financial statements. The Town has chosen to issue financial statements of the primary government only. As such, the accompanying financial statements are not intended to and do not report in accordance with Governmental Accounting Standards Board Statement No. 14.

2. Fund Accounting

The accounts of the Town of Pearl River are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and groups of accounts included in the accompanying financial statements are used by the Town of Pearl River:

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting - Continued

Governmental Funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specific purposes. The following are the Town's special revenue funds:

Sales Tax Fund - This fund is used to account for proceeds of the 2% Sales and Use Tax that is collected and restricted to the following uses:

1% of Levy dedicated for construction, resurfacing, lighting and improving public streets, sidewalks and bridges; constructing, purchasing, improving, maintaining and operating recreation facilities and equipment; constructing, acquiring or improving lands, buildings and any work of permanent public improvement, including equipment and furnishings therefor; and installing and operating sewerage and water systems including disposal plants, lagoons, etc., title to which shall be in the public.

1% of Levy dedicated to police department salaries and expenses. This portion is transferred to the police fund where police department expenditures are budgeted.

Police Fund - This fund is used to account for the expenditures of the police department.

Proprietary Fund:

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

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting - Continued

General Fixed Assets and General Long-Term Debt Account Groups:

General Fixed Assets - The General Fixed assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are estimated at their fair market value on the date of donation. No depreciation is recorded on general fixed assets.

General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from governmental funds.

3. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance (net current assets). Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group rather than in governmental funds. No depreciation has been provided on general fixed assets.

Fixed asset values are based on historical cost (if available) or estimated historical cost if historical cost was not available.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fixed Assets and Long-Term Liabilities- Continued

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are listed as liabilities in the General Long-Term Debt Account Group.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with its activity are included on its balance sheet. Its reported fund equity (net total assets) is segregated into contributed capital and retained earning components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations or its contributed capital depending on how it was acquired. Accumulated depreciation is reported on the propriety fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated lives are as follows:

Sewerage System	25-40 years
Water System	25-40 years
Equipment	5-10 years

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Sales, and other taxes and fees are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Ad valorem taxes are considered measurable when levied. Grants from other governments are recognized when qualifying expenditures are incurred.

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Accounting - Continued

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unvested sick pay which is not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. The Town applies all applicable FASB pronouncements passed on or before November 30, 1989 in accounting and reporting for its proprietary fund operations unless those pronouncements conflict with or contradict GASB pronouncements.

5. Budgets and Budgetary Accounting

Prior to the beginning of each year, an annual operating budget is prepared. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse.

The Town follows these procedures in establishing the budgetary data reflected in this financial 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 1 of the following 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 through passage of a resolution by the Board of Aldermen.
- (4) The Mayor is authorized to transfer budgeted amounts among programs within a department, office or agency; however, 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. During the year ended December 31, 1999, the Town amended its budget. The budget amounts reported on Page 9 include amendments made during the year ended December 31, 1999.

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality 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.

Under state law, the municipality 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.

7. Accounts Receivable

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance is \$2,000 at December 31, 1999.

8. Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Rental income from the Town's component unit is classified as a quasi-external transaction and reported as revenue in the General Fund.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Total Columns of Combined Statements - Overview

Total columns on the combined statements - overview are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND CASH EQUIVALENTS

The Town's deposits at December 31, 1999, are summarized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1		
Demand deposits	\$ 386,356	\$ 394,657
Certificates of deposit	<u>257,645</u>	<u>257,645</u>
Total	<u>\$ 644,001</u>	<u>\$ 652,302</u>

Under state law, the bank balances of these 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 or exceed the amount on deposit with the fiscal agent. At December 31, 1999, deposits are entirely insured or collateralized with securities held by a mutually acceptable third party financial institution in the Town's name, which is considered a Category 1 investment credit risk as defined by the Governmental Accounting Standards Board. The carrying amount does not include accrued interest of \$606 on certificates of deposit.

For the purpose of the cash flows statement, cash for the Enterprise Fund is recapped as follows:

Unrestricted	\$ 235,860
Bond Sinking	35,493
Depreciation and Contingency	<u>6,099</u>
	<u>\$ 277,452</u>

Town of Pearl River

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE C - DUE TO/FROM OTHER FUNDS

Individual fund Interfund receivable and payable balances at December 31, 1999 were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 127,091	\$ -
Enterprise Fund	-	111,895
Special Revenue Funds	<u>9,761</u>	<u>24,957</u>
	<u>\$ 136,852</u>	<u>\$ 136,852</u>

NOTE D - AD VALOREM TAXES

Property taxes are normally levied and billed in December of each year and are due in February of the following year. Revenues are recognized when levied to the extent they are determined to be currently collectible. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Tammany Parish.

NOTE E - RESTRICTED ASSETS

On October 1, 1998, the Town issued \$1,050,000 of Utility Revenue and Refunding Bonds which were used to refund the remaining balance payable of the 1989 Utility Revenue Bonds, as well as providing funds for additional improvements to the water system. The restrictions related to the 1989 Bonds have been replaced with the following requirements providing for certain restrictions of assets of the Enterprise Fund.

1. Revenue Bond Sinking Fund

The requirement calls for the establishment and maintenance of a Sewer Utility Revenue Bond and Sinking Fund sufficient to pay promptly and in full the principal of and the interest on bonds authorized as they become due and payable. This requirement has been met at December 31, 1999.

2. Revenue Bond Reserve Fund

On October 1, 1998 the Town deposited the "Reserve Requirement" into the Reserve Fund. The sole purpose of this fund is to pay the principal of and the interest on the bonds payable from the Revenue Bond Reserve Fund as to which these would otherwise be in default. This requirement has been met as of December 31, 1999.

Town of Pearl River

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE E - RISTRICTED ASSETS (Continued)

3. Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system. Regular deposits of \$400 per month are to be deposited with the regularly designated fiscal agent of the Town. This requirement has been met at December 31, 1999.

NOTE F - FIXED ASSETS

The Town has established a detailed fixed asset listing using historical cost and estimated historical cost. Presented below is a summary of changes in general fixed assets:

	<u>Amount</u>
Balance at January 1, 1999	\$ 683,321
Additions	11,044
Retirements	<u>(9,500)</u>
Balance at December 31, 1999	<u>\$ 684,865</u>

Fixed assets are shown at net on the Balance Sheet for the Enterprise Fund and consist of the following:

Land	\$ 68,609
Sewer plant	859,369
Sewer lines	2,785,635
Water system	798,931
Street resurfacing	232,026
Tools and equipment	93,670
Trucks	12,260
Computer system	<u>6,879</u>
	4,857,379
Less: Accumulated Depreciation	<u>(1,531,881)</u>
Net	<u>\$ 3,325,498</u>

Town of Pearl River

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE G - REVENUE BONDS PAYABLE

The following is a summary of revenue bond transactions of the Enterprise Fund for the year ended December 31, 1999:

	Revenue <u>Bonds</u>
Bonds Payable at 1/1/99	\$1,050,000
Bonds Issued	-
Bonds Retired	<u>(48,502)</u>
Bonds Payable at 12/31/99	<u>\$1,001,498</u>

Bonds payable at December 31, 1999 is comprised of the following individual bond:

\$1,050,000 Utility Revenue and Refunding Bonds dated 10/01/98; due in fifteen annual installments of \$101,527 including interest at 5.05%; secured by revenues of the Water and Sewer System	\$ 1,001,498
Less current maturities	<u>(50,813)</u>
Long -term debt	<u>\$ 950,685</u>

The annual requirements to amortize Revenue Bonds Payable, including interest payments of \$419,880, are as follows as of December 31, 1999:

<u>Year Ending December 31</u>	Revenue <u>Bonds</u>
2000	\$ 101,527
2001	101,527
2002	101,527
2003	101,527
2004	101,527
Thereafter	<u>913,743</u>
	<u>\$1,421,378</u>

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE H - PENSION PLANS

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

Plan Description. All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Pearl River is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Pearl River are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Pearl River contributions to the System for the years ending December 31, 1999, 1998, and 1997 were \$4,664, \$3,721, and \$3,978, respectively, equal to the required contributions for each year.

NOTE I - CAPITAL LEASE OBLIGATIONS

The Town is obligated under a lease accounted for as a capital lease. The leased asset and related obligation is accounted for in the General Fixed Asset Account Group and the General Long-Term Debt Account Group, respectively. The assets under capital lease totaled \$33,912. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of December 31, 1999:

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE I - CAPITAL LEASE OBLIGATIONS (Continued)

<u>Year Ending December 31</u>	<u>General Long-Term Debt Account Group</u>
2000	\$ 7,855
2001	<u>5,037</u>
Minimum lease payments	12,892
Amount representing interest	<u>618</u>
Present value of minimum lease payments	<u>\$ 12,274</u>

NOTE J - CHANGES IN CONTRIBUTED CAPITAL

The following details the components of Waste Water Fund Contributed Capital at December 31, 1999:

Contributed Capital - Beginning	\$ 2,884,666
Additions	-
Decreases	
Depreciation on assets constructed substantially from funds supplied by contributions in aid of construction	<u>(135,386)</u>
Contributed Capital - Ending	<u>\$ 2,749,280</u>

NOTE K - BOARD OF ALDERMEN COMPENSATION

The Board of Aldermen receive three hundred dollars per monthly which are included in the Town's General Fund.

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE L - COMMITMENTS

During the year ended December 31, 1999, the Town embarked on two construction projects - the LCDBG street repaving and the construction of a new water tower. At December 31, 1999, the Town had entered into construction contracts totaling \$767,789. At December 31, 1999, the Town had remaining unaccrued contract payments of \$153,612.

NOTE M - CASH FLOW INFORMATION

For the year ended December 31, 1999, the Town paid interest of \$53,026, of which \$4,434 was capitalized as cost of water tower construction.

SUPPLEMENTAL INFORMATION

Town of Pearl River, Louisiana

GENERAL FUND

SCHEDULE OF REVENUES

For the Year Ended December 31, 1999

Revenue:

Taxes:

Ad valorem tax	\$ 35,002
Video poker	13,136
Tobacco	7,840
Beer	2,809
Licenses and permits	88,783
Court fines	82,792
Insurance licenses	60,317
Grants	10,000
Interest	1,358
Other:	
Insurance claim	12,841
Charges for services	5,830
Donations	4,055
Rental income	1,800
Other	<u>5,564</u>

Total revenue

\$ 332,127

Town of Pearl River, Louisiana

GENERAL FUND

SCHEDULE OF EXPENDITURES

For the Year Ended December 31, 1999

General Government:	\$ 62,269
Salaries	21,000
Alderman's expense	18,543
Office expense	18,267
Utilities	13,946
Insurance	10,261
Repairs and maintenance	9,015
Accounting	8,696
Other operating expenses	5,351
Payroll taxes	5,300
Retirement	4,665
Dues and conventions	3,359
Animal control	3,161
Summer Camp Program	2,400
Tree City USA	2,156
Clerk expense	1,904
Vehicle expense	1,679
Uniforms	1,638
Sidewalk grant expense	.1,538
Attorney fees	1,510
Community center	1,432
Tax collectors' expense	988
Town decorations	490
Official journal	<u>7,428</u>
Capital outlay	
Total General Government	<u>\$ 206,996</u>

Town of Pearl River, Louisiana
 ALL SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET

December 31, 1999

	<u>Sales Tax</u>	<u>Police Fund</u>	<u>Total</u>
 ASSETS			
Cash	\$ 56,966	\$ 8,940	\$ 65,906
Sales taxes receivable	26,349	-	26,349
Grant accounts receivable	50,912	-	50,912
Accrued interest receivable	64	-	64
Due from other funds	<u>-</u>	<u>9,761</u>	<u>9,761</u>
	<u>\$134,291</u>	<u>\$ 18,701</u>	<u>\$152,992</u>
 LIABILITIES AND FUND BALANCE			
Accounts payable and accrued expenses	\$ 53,582	\$ 12,414	\$ 65,996
Due to other funds	<u>24,957</u>	<u>-</u>	<u>24,957</u>
Total liabilities	<u>78,539</u>	<u>12,414</u>	<u>90,953</u>
Fund balances	<u>55,752</u>	<u>6,287</u>	<u>62,039</u>
	<u>\$ 134,291</u>	<u>\$ 18,701</u>	<u>\$152,992</u>

Town of Pearl River, Louisiana

ALL SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 1999

	<u>Sales Tax</u>	<u>Police Fund</u>	<u>Total</u>
Revenues			
Taxes	\$ 334,806	\$ -	\$ 334,806
Grants	353,728	19,512	373,240
Interest	1,204	119	1,323
Other	<u>10,996</u>	<u>1,483</u>	<u>12,479</u>
Total revenues	<u>700,734</u>	<u>21,114</u>	<u>721,848</u>
Expenditures			
Public safety	-	249,151	249,151
Public works	<u>552,699</u>	<u>-</u>	<u>552,699</u>
Total expenditures	<u>552,699</u>	<u>249,151</u>	<u>801,850</u>
Excess (deficiency) of revenues over expenditures	148,035	(228,037)	(80,002)
Other financing sources (uses)			
Sale of asset	10,000	-	10,000
Operating transfers in	39,308	232,177	271,485
Operating transfers out	<u>(199,056)</u>	<u>-</u>	<u>(199,056)</u>
Total other financing sources (uses)	<u>(149,748)</u>	<u>232,177</u>	<u>82,429</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	(1,713)	4,140	2,427
Fund balance, beginning	<u>57,465</u>	<u>2,147</u>	<u>59,612</u>
Fund balance, ending	<u>\$ 55,752</u>	<u>\$ 6,287</u>	<u>\$ 62,039</u>

Town of Pearl River, Louisiana

SALES TAX FUND

SCHEDULE OF EXPENDITURES

For the Year Ended December 31, 1999

EXPENDITURES

Public Works:

Salaries	\$ 75,129
Workmen's compensation insurance	9,275
Paving materials	6,701
Payroll taxes	5,896
Repairs and maintenance	5,470
Gasoline and fluids	3,558
General operating	2,376
Insurance	1,819
Utilities	656
Street grant	353,728
Capital outlay	80,236
Capital lease payments:	
Principal	6,931
Interest	<u>924</u>

Total Public Works \$552,699

Town of Pearl River, Louisiana

POLICE FUND

SCHEDULE OF EXPENDITURES

For the Year Ended December 31, 1999

EXPENDITURES

Public Safety:

Salaries	\$ 173,527
Vehicle expenses	14,000
Payroll taxes	13,621
Insurance	7,655
Workmen's compensation insurance	7,632
Other	6,366
Office supplies	5,649
Utilities	4,762
Retirement	4,664
Training	1,809
Building repair and maintenance	1,704
Radio communications	1,418
Prisoner meals	965
Capital outlay	<u>5,379</u>

Total Public Safety \$ 249,151

Town of Pearl River, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

SCHEDULE OF OPERATING EXPENSES

For the Year Ended December 31, 1999

	<u>1999</u>	<u>1998</u>
Administrative and General:		
Salaries	\$ 18,507	\$ 18,310
Payroll taxes	3,082	3,475
Office supplies	2,676	283
Postage	2,056	1,949
Workmen's compensation insurance	1,616	2,272
Education and training	843	584
Insurance	<u>580</u>	<u>1,308</u>
Total	<u>\$ 29,360</u>	<u>\$ 28,181</u>
Sewerage System:		
Salaries	\$ 1,810	\$ 17,543
Utilities	16,404	15,202
Repairs and maintenance	12,190	9,762
Chemicals	5,383	2,955
Supplies	5,169	4,035
Other	3,880	7,664
Lab testing	2,640	2,702
Vehicle expenses	2,262	1,061
State permit	<u>1,149</u>	<u>747</u>
Total	<u>\$ 50,887</u>	<u>\$ 61,671</u>
Water System:		
Salaries	\$ 18,945	\$ 8,388
Utilities	6,698	6,117
Grant expenses	3,019	6,551
Pump expenses	<u>1,438</u>	<u>3,373</u>
Total	<u>\$ 30,100</u>	<u>\$ 24,429</u>

Town of Pearl River, Louisiana

SCHEDULE OF GENERAL FIXED ASSETS

December 31, 1999

GENERAL FIXED ASSETS

Buildings	\$ 45,652
Land	111,255
Equipment and machinery	<u>527,958</u>
Total general fixed assets	<u>\$ 684,865</u>

INVESTMENT IN GENERAL FIXED ASSETS

Total investment in general fixed assets	<u>\$ 684,865</u>
--	-------------------

Town of Pearl River, Louisiana
SCHEDULE OF UTILITY RATES

December 31, 1999

Sewer charges:

Single Family Residential	- \$19.25
Multi-Family Residential	- \$19.25 x No. of Units
School	- \$30.00 + .50 per Student and Staff
Commercial	- \$30.00

Water rates:

Single Family Residential	- \$8.50
Multi-Family Residential	- \$8.50 x No. of Units
Commercial - Low Volume User	- \$15.00
Commercial - High Volume User	- \$32.00
Institutional	- \$250.00
Light Industrial	- \$250.00

Town of Pearl River, Louisiana
SCHEDULE OF GOVERNING BOARD
December 31, 1999

<u>Board of Aldermen</u>	<u>Term of Office</u>	<u>Compensation</u>
David McQueen, Mayor Pro-Tem Town of Pearl River Pearl River, LA 70452	December 31, 2002	\$ 4,200
Pat Walsh Town of Pearl River Pearl River, LA 70452	December 31, 2002	\$ 4,200
Patsy Ellis Town of Pearl River Pearl River, LA 70452	December 31, 2002	\$ 4,200
Theresa Zechenclly Town of Pearl River Pearl River, LA 70452	December 31, 2002	\$ 4,200
Richard Karchner Town of Pearl River Pearl River, LA 70452	December 31, 2002	\$ 4,200

Town of Pearl River, Louisiana

SCHEDULE OF INSURANCE COVERAGE

December 31, 1999

<u>Coverage</u>	<u>Amount of Coverage</u>
Property and contents (aggregate)	\$ 503,000
Fidelity:	
Mayor	\$ 80,000
Town clerk	80,000
Assistant clerk	80,000
Utility clerk	80,000
Liability:	
General	\$ 500,000
Auto	500,000
Error and omissions	500,000
Law enforcement	500,000

Town of Pearl River, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 1999

	<u>CFDA #</u>	<u>Expenditures</u>
<u>U. S. Department of Agriculture</u> (Passed through the Louisiana Division of Administration) Community Development Block Grant - Small Cities Program (Major Program)	14.219	\$353,728
<u>U. S. Department of Justice</u> Public Safety and Community Policing	16.710	<u>19,512</u>
		<u>\$373,240</u>

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The above schedule of expenditures of federal awards is a summary of the Town's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

Certified Public Accountants

P.O. Box 3790

Covington, Louisiana 70434-3790

Samuel K. Smith, CPA
Patrick "Bryan" Huval, CPA

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

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

We have audited the general purpose financial statements of the Town of Pearl River, Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated March 17, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether the Town of Pearl River, Louisiana's, primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determinations of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards which is described in the following paragraph.

In planning and performing our audit, we considered Town of Pearl River, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Huval & Associates, L.L.C.

March 17, 2000

Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

Certified Public Accountants

P.O. Box 3790

Covington, Louisiana 70434-3790

Samuel K. Smith, CPA
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(504) 892-6633 - Covington
(504) 892-4666 - FAX

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Members of the City Council
Town of Pearl River, Louisiana

Compliance

We have audited the compliance of the Town of Pearl River, Louisiana's, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The Town of Pearl River, Louisiana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town of Pearl River, Louisiana's management. Our responsibility is to express an opinion on the Town of Pearl River, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Pearl River, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Pearl River, Louisiana's compliance with those requirements.

In our opinion the Town of Pearl River, Louisiana's, complied in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the Town of Pearl River, Louisiana's, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to its federal programs. In planning and performing our audit, we

Honorable Mayor and Members of the City Council
Town of Pearl River, Louisiana

considered the Town of Pearl River, Louisiana's internal control over compliance with requirements that could have a direct and material effects on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test an report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited my occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Aldermen, management, federal awarding agencies and pass-through entities, and the Louisiana's Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Huvall & Associates, L.L.C.

March 17, 2000

Town of Pearl River, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 1999

Section 1

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditors' report | Unqualified |
| 2. Internal control over financial reporting | |
| a. Material weaknesses identified | None |
| b. Reportable conditions identified not considered to be material weaknesses | None Reported |
| c. Noncompliance material to the financial statements noted. | None |

Federal Awards

- | | |
|--|---------------|
| 1. Internal control over major programs | |
| a. Material weaknesses identified | None |
| b. Reportable conditions identified not considered to be material weaknesses | None Reported |
| 2. Type of auditor's report issued on compliance for major program | Unqualified |
| 3. Audit findings disclosed that are required in accordance with OMB A-133, Section 510a | None |
| 4. Identification of major program | |
| 14.219 Community Development Block Grant - Small Cities Program | |
| 5. Dollar threshold used to distinguish between Type A and B programs. | \$300,000 |
| 6. Auditee qualified as a low - risk auditee under OMB A-133 Section 530. | No |

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Awards Findings and Questioned Costs

(None reported)

Town of Pearl River, Louisiana

STATUS OF PRIOR AUDIT FINDINGS

For the year ended December 31, 1999

- Finding:** For the year ended December 31, 1998, the General Fund's actual expenditures of \$255,533 exceeded budgeted expenditures of \$237,286 which resulted in an unfavorable variance \$18,247 which was more than 5% underbudgeted. LSA Rs 39:1310 requires the Mayor to advise the Board of Aldermen when actual expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding total budgeted expenditures by five percent or more.
- Action:** No further action was required by the Town of Pearl River related to the above finding. The Town did properly amended its 1999 General Fund Budget and at December 31, 1999, there were no unfavorable variances of greater than five percent.