

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

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

The Honorable Mayor and Board of Aldermen
Pearl River, Louisiana

We have audited the primary government financial statements of Town of Pearl River, Louisiana, as of and for the year ended December 31, 1996 and have issued our report thereon dated March 25, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States; the provisions of the Compliance Supplement for Single Audits of State and Local Governments, and Circular A-128, Audits of State and Local Governments, published by the Office of Management and Budget. These 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.

Compliance with laws, regulations, contracts, and grants applicable to the primary government of the Town of Pearl River, Louisiana, is the responsibility of the Town of Pearl River's management. As part of obtaining reasonable assurance about whether the primary government financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our test disclosed no instances of noncompliance that are required to be reported under Governmental Auditing Standards. However, the results of our test disclosed immaterial instances of noncompliance with the above requirements, which are as follows:

According to Article VII, Section 14 of the 1974 Louisiana Constitution, payments should not be made to employees in lieu of vacation. During 1996, the Town paid employees their vacation pay while the employees continued working. We have advised Town officials of the provisions of Article VII, Section 14, and the importance of their compliance. The Town has subsequently implemented procedures to insure compliance with Article VII, Section 14.

Town of Pearl River, Louisiana
 SCHEDULE OF INSURANCE COVERAGE
 December 31, 1990

Coverage	Amount of Coverage
Property and contents (aggregate)	\$ 748,500
Fidelity:	
Mayor	\$ 80,000
Town clerk	80,000
Assistant clerk	80,000
Utility clerk	80,000
Liability:	
General	\$ 500,000
Auto	500,000
Fire and explosion	500,000
Law enforcement	500,000

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, 1996

Operating revenues	
Sewer charges	\$ 159,046
Water charges	13,911
Late fees	4,218
Other fees and charges	<u>6,019</u>
Total operating revenues	<u>183,194</u>
Operating expenses	
Administrative and general	47,378
Sewerage system expense	50,889
Water system expense	10,093
Depreciation	<u>150,089</u>
Total operating expenses	<u>358,449</u>
Net operating loss	(75,255)
Non-operating revenues (expenses)	
Interest income	16,089
Rebates/credits	13,942
Interest expense	<u>(62,849)</u>
Total non-operating revenue (expenses)	<u>(32,818)</u>
Net loss before operating transfers	(108,073)
Depreciation transferred to Contributed Capital	<u>121,159</u>
Net income	20,216
Retained earnings, beginning	<u>71,165</u>
Retained earnings, ending	<u>\$ 91,331</u>

The accompanying notes are an integral part of this statement.

Town of Pearl River, Louisiana
SCHEDULE OF GOVERNING BOARD

December 31, 1996

<u>Name of Addressee</u>	<u>Term of Office</u>	<u>Compensation</u>
David MacQueen, Mayor Pro-Tem Town of Pearl River Pearl River, LA 70452	December 31, 1998	\$ 2,400
Pat Walsh Town of Pearl River Pearl River, LA 70452	December 31, 1998	\$ 2,400
Billy Blackburn Town of Pearl River Pearl River, LA 70452	December 31, 1998	\$ 2,400
Theresa Archibald Town of Pearl River Pearl River, LA 70452	December 31, 1998	\$ 2,400
William Katchmer Town of Pearl River Pearl River, LA 70452	December 31, 1998	\$ 2,400

Town of Pearl River, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE

For the Year Ended December 31, 1996

Cash flows from operating activities:	
Net operating loss	\$ (37,075)
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	150,869
Increase in receivables	(3,200)
Decrease in accounts payable	(82,166)
Increase in deferred revenue	4,388
Total adjustments	89,891
Net cash provided by operating activities	52,816
Cash flows from capital and related financing activities:	
Principal payments	(28,960)
Purchase of fixed assets	(609,822)
Interest payments	(34,856)
Community development block grant proceeds	416,782
Reimbursements	13,882
Net cash used by capital and related financing activities	(282,974)
Cash flows from investing activities:	
Interest received	16,344
Redemptions of certificates of deposit not classified as cash equivalents	172,729
Net cash provided by investing activities	189,073
Net decrease in cash and cash equivalents	(60,135)
Cash and cash equivalents at the beginning of the year	284,729
Cash and cash equivalents at the end of the year	\$ 224,594

The accompanying notes are an integral part of this statement.

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Accounting - Continued

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.

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.

The Town amended its budget during 1996 following the same procedures as above. These amendments are reflected in the budget comparisons.

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 registered under Louisiana law and national banks having their principal offices in Louisiana.

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fixed Assets and Long-Term Liabilities - Continued

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 noncurrent) associated with its activity are included on its balance sheet. Its reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all depreciable fixed assets used by the proprietary fund is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated lives are as follows:

Coverage 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. All revenues, sales, and other fees and fees are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Grants from other governments are recognized when qualifying expenditures are incurred.

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 unearned sick pay which is not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fixed Assets - 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.

Because of their spending measurement focus, expenditures recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures.

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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, refurbishing, lighting and improving public streets, sidewalks and bridges; contracting, purchasing, improving, maintaining and operating recreation facilities and equipment; contracting, 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 governing 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 divided the period determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

18. 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. Intended eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND CASH EQUIVALENTS

The Town's deposits at December 31, 1996, are summarized as follows:

Category 1	Carrying Amount	Bank Balance
Demand deposits	\$ 961,297	\$1,901,679
Certificates of deposit	<u>218,651</u>	<u>289,661</u>
Total	<u>\$1,179,948</u>	<u>\$2,191,340</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, 1996, 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 \$4,852 on certificates of deposit.

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PEARL RIVER
LEVEE DISTRICT
STATE OF LOUISIANA

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TOWN OF PEARL RIVER
PEARL RIVER, LOUISIANA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
REPORT WITH SUPPLEMENTAL INFORMATION

December 31, 1996

Under provisions of state law, this report is a public document. A copy of this report has been distributed to the Director of Veterans' Affairs and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: MAY 28 1997

Smith, Hurst & Associates, L.L.C.

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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, 1998, 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. These 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, 1998, 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, 1998, 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

Town of Pearl River, Louisiana

POLICE FUND

SCHEDULE OF EXPENDITURES

For the Year Ended December 31, 1996

ADMINISTRATIVE

Public Safety:	
Salaries	\$ 117,952
Payroll taxes	9,272
Workman's compensation insurance	8,253
Retirement	3,429
Other	10,853
Vehicle expenses	19,660
Uniforms and badges	11,642
Insurance	11,829
Utilities	9,287
Office supplies	4,434
Building repair and maintenance	1,375
Radio communications	2,400
Capital outlay	<u>2,214</u>
Total	<u>\$ 218,561</u>

Our examination of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the 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 structure and its operation that we consider to be material weaknesses as defined above. However, we have communicated orally some recommendations to the management of the Town of Pearl River, Louisiana.

This report is intended for the information of management and others within the organization as well as the U.S. Department of Agriculture/Rural Economic and Community Development Agency and the Louisiana Legislative Auditors. However, this report is a matter of public record and its distribution is not limited.

Smith, Howard & Associates, L.L.C.

March 25, 1997

Smith, Hurst & Associates, L.L.C.

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Certified Public Accountants

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Partner "Signat" Member, CPA

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INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Mayor and Board of Aldermen
Pearl River, Louisiana

We have audited the primary government financial statements of the Town of Pearl River, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 25, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, *Quality of Internal and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit for the year ended December 31, 1996, we considered the internal control structure of the Town of Pearl River, Louisiana in order to determine our auditing procedures for the purpose of expressing our opinion on the Town of Pearl River, Louisiana's financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated March 25, 1997.

The management of the Town of Pearl River, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories: Accounting controls - cash receipts, cash disbursements, budgeting, payroll, property and equipment, and electronic data processing; Administrative controls - political activities, civil rights, cash management, federal financial reporting, allowable cost, drug free workplace, administrative requirements, types of service allowed or unallowed, matching, level of effort or commitment, and claims for advances and reimbursements. For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1996, the Town of Pearl River, Louisiana expended 100 percent of its total federal financial assistance under the following major federal financial assistance program:

- U. S. Department of Housing and Urban Development
Louisiana Community Development Block Grant

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned major program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express an opinion.

Our consideration of the internal control policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operations that we consider to be material weaknesses as defined above. However, we noted certain matters involving the internal control structure and its operations that we have communicated orally to the management of the Town of Pearl River, Louisiana.

This report is intended for the information of management and others within the organization as well as the U.S. Department of Agriculture Rural Economic and Community Development Agency and the Louisiana Legislative Auditors. However, this report is a matter of public record and its distribution is not limited.

Smith, Havel & Associates, L.L.C.

March 25, 1997

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Pearl River was incorporated in 1906 under the provisions of the Louisiana 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 principles also conform to the requirements of Louisiana Revised Statutes 24:507. 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:

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Mayor and Board of Aldermen
Pearl River, Louisiana

We have audited the primary government financial statements of the Town of Pearl River, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 25, 1997.

We have applied procedures to test the Town of Pearl River, Louisiana's compliance with the following general requirements applicable to its federal programs, which are identified in the accompanying schedule of Federal financial assistance for the year ended December 31, 1996. For the purpose of this report we have classified the general requirements applicable to the Town of Pearl River's federal financial awards programs as political activity, civil rights, cash management, federal financial reports, allowable costs, Davis-Bacon act, and drug free workplace.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Pearl River, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Town of Pearl River, Louisiana, has not complied, in all material respects, with these requirements.

This report is intended for the information of management and others within the organization as well as the U.S. Department of Agriculture Rural Economic and Community Development Agency and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Hurst & Associates, L.L.C.

March 25, 1997

Town of Pearl River, Louisiana

SCHEDULE OF GENERAL FIXED ASSETS

December 31, 1996

GENERAL FIXED ASSETS	
Buildings	\$ 172,746
Land	45,652
Equipment and machinery	<u>267,287</u>
Total general fixed assets	<u>\$ 485,185</u>
INVESTMENT IN GENERAL FIXED ASSETS FUND	
General Fund	\$ 485,185
Total investment in general fixed assets	<u>\$ 485,185</u>

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Town of Page River, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 FUND 01 (GENERAL FUND) - GENERAL AND SPECIAL, APPLICABLE FUND FUNDS

For the Year Ended December 31, 2020

	Revenues		Transfers		Revenues		Transfers	
	Budget	Actual	Actual	Actual	Budget	Actual	Actual	Actual
Revenues:								
Taxes	16,000	16,000	16,000	16,000	10,000	10,000		16,000
Grants	10,000	10,000	10,000	10,000				
License fees/fees	10,000	10,000	10,000	10,000				
Intergovernmental								
Insurance/interest	10,000	10,000	10,000	10,000				10,000
Other	0	0	0	0				
Other	0	0	0	0				
Total revenues	46,000	46,000	46,000	46,000	10,000	10,000		26,000
Expenditures:								
General government	20,000	20,000	20,000	20,000				20,000
Public works	10,000	10,000	10,000	10,000				10,000
Total expenditures	30,000	30,000	30,000	30,000				30,000
Transfers (including) intergovernmental expenditures	0	0	0	0	10,000	10,000	10,000	0
Other financing sources (uses):								
Cash/asset proceeds					20,000	20,000		20,000
Special projects					10,000	10,000		10,000
Special projects					10,000	10,000		10,000
Special projects					10,000	10,000		10,000
Total other financing sources (uses)	0	0	0	0	50,000	50,000	10,000	50,000
Transfers (including) of revenues and other financing sources and expenditures and other financing uses	0	0	0	0	10,000	10,000	10,000	0
Fund balance beginning	0	0	0	0	0	0	0	0
Fund balance ending	0	16,000	16,000	16,000	0	0	10,000	16,000

Trust of the River Lottery

Statement of Receipts, Disbursements, and Transfers from/forwards
All Governmental Funds Years

For the Year Ended December 31, 1999

	2000	1999	Total (Memorandum Only)
Receipts			
Taxes	\$ 48,448	\$ 260,285	\$ 308,733
Courts/fees	18,379		18,379
Grants and permits	6,880		6,880
Reimbursements		44,853	44,853
Investment income	17,892		17,892
Interest	5,269	7,441	12,710
Other	48,728	2,028	50,756
Total receipts	<u>135,496</u>	<u>274,607</u>	<u>410,103</u>
Disbursements			
Salaries/fringe/benefits	27,482		27,482
Printing	14,666		14,666
Public works	18,172		18,172
Total disbursements	<u>60,320</u>	<u>40,033</u>	<u>100,353</u>
Balance (deficiency) of memorandum expenditures	17,176	(7,426)	14,750
Other financing sources (uses)			
Capital lease payments	20,812		20,812
Capital lease payments	20,489		20,489
Operating transfers in		10,116	10,116
Operating transfers out	(1,548)		(1,548)
Total other financing sources (uses)	<u>39,753</u>	<u>10,116</u>	<u>49,869</u>
Balance (deficiency) of monies and other financing sources/uses expenditures and other memorandum	16,897	22,117	39,014
Fund balance beginning	20,113	47,288	67,401
Fund balance ending	<u>\$ 33,094</u>	<u>\$ 69,405</u>	<u>\$ 102,499</u>

The accompanying notes are an integral part of this statement.

Trust of Fred Rice, Trustee

(CONTINUED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT CATEGORIES)

December 31, 1999

	Investments/Real Estate		Property Fund Type		Amount (Dollars)		Total
Asset	Cost	Market	Accounts	Fund Assets	Cash	Investment (D)	Net
ASSETS							
Cash on hand with bank	\$ 76,147	\$ 45,116	\$ 48,157	\$ 0	\$ 0	\$ 0	\$ 167,424
Contributions of deposit	38,226		18,464				(18,464)
Repayments							
Property Sales	28,524						28,524
Income taxes		32,287					32,287
Other fund	32,873		19,628				32,873
Accounts receivable and							32,228
related receivables	229		2,150				4,324
Outright (Other) FIDIS	15,139						15,139
Real Estate Assets:							
Approved Bond (Stock) Fund			138,275				138,275
Govt			27,202				27,202
Investment Bond/Real Estate							18,848
Fund							
Commutation and Contingency Fund							18,848
Gifts	27,481						27,481
Contributions of deposit - contingency	123,118						123,118
Contributions of deposit - future project							123,118
Fund assets - net of appreciation			1,176,229	495,750			4,228,874
Other assets:							
Amount to be provided for retirement							44,838
of capital lease and due to others							
	\$ 32,038	\$ 38,407	\$ 4,225,228	\$ 495,750	\$ 0	\$ 44,838	\$ 4,803,254

The accompanying notes are an integral part of this statement.

The Honorable Mayor and Board of Aldermen
Pearl River, Louisiana

contains is presented for purposes of additional analysis and is not a required part of the financial statements of 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 25, 1997 on our consideration of the Town of Pearl River's internal control structure and a report dated March 25, 1997, on its compliance with laws and regulations.

Smith, Havel & Associates, L.L.C.

March 25, 1997

Smith, Hurval & Associates, L.L.C.

AN EQUAL OPPORTUNITY COMPANY

Certified Public Accountants

P.O. Box 1040

Covington, Louisiana 70404-1040

Samuel E. Smith, CPA
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Mayor and Board of Aldermen
Pearl River, Louisiana

We have audited the primary government financial statements of the Town of Pearl River, Louisiana, for the year ended December 31, 1996, and have issued our report thereon dated March 25, 1997.

We have also audited the Town's compliance with the requirements governing the types of services, reporting requirements, and special tests and provisions that are applicable to its major Federal financial assistance programs, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996. The management of the Town of Pearl River, Louisiana, is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-128, *Audits of State and Local Governments*. These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Town of Pearl River, Louisiana, complied, in all material respects, with the requirements governing the types of services, reporting requirements, and special tests and provisions that are applicable to its major Federal financial assistance programs for the year ended December 31, 1996.

This report is intended for the information of management and others within the organization as well as the U. S. Department of Agriculture Rural Economic and Community Development Agency and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Hurval & Associates, L.L.C.

March 25, 1997

SUPPLEMENTAL INFORMATION

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE 1 - RESTRICTED ASSETS (Continued)

2. Revenue Bond Reserve Fund

The requirement calls for the establishment of a Revenue Bond Reserve Fund by depositing 3% of the amount required to be transferred to the Revenue Bond Sinking Fund until such time as there has been accumulated in said Reserve Fund a sum equal to the highest combined principal and interest payment in any year of the bond. 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 there would otherwise be in default. This requirement has been met as of December 31, 1996.

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 \$280 per month are to be deposited with the regularly designated fiscal agent of the Town. This requirement has been met as of December 31, 1996.

NOTE 4 - 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, 1996	\$ 399,758
Additions	149,294
Retirements	<u>(22,859)</u>
Balance at December 31, 1996	<u>\$ 526,193</u>

Town of Pearl River, Louisiana
NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE F - FIXED ASSETS (Continued)

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

Land	\$ 68,689
Sewer plant	831,654
Sewer lines	2,760,625
Water system	741,707
Street resurfacing	232,006
Tools and equipment	75,302
Vehicles	12,280
Computer system	<u>6,829</u>
	4,728,162
Less: Accumulated Depreciation	(1,008,973)
Net	<u>\$ 3,719,189</u>

NOTE G - REVENUE BONDS PAYABLE

The following is a summary of revenue bond transactions of the Enterprise Fund for the year ended December 31, 1998:

	Revenue <u>Bonds</u>
Bonds Payable at 1/1/98	\$ 608,185
Bonds Issued	-
Bonds Retired	<u>13,561</u>
Bonds Payable at 12/31/98	<u>\$ 594,624</u>

Town of Pearl River, Louisiana
NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE G - REVENUE BONDS PAYABLE (Continued)

Bonds payable at December 31, 1996 is comprised of the following individual bond:

\$675,000 Utility Bonds dated 03/02/96; due in annual installments of \$61,466 including interest at 7.2% accrued by revenue of the Sewer System	\$ 592,425
Less current maturities	18,730
Long-term debt	<u>\$ 573,695</u>

The annual requirements to amortize Revenue Bonds Payable, including interest payments of \$513,934, are as follows as of December 31, 1996:

Year Ending December 31	Revenue Debits
1997	\$ 61,466
1998	61,466
1999	61,466
2000	61,466
2001	61,466
Thereafter	799,069
	<u>\$1,186,375</u>

NOTE H - NOTE PAYABLE

Because projected construction costs for the water system installation exceeded the grant award, a loan in the amount of \$175,000 was obtained from a bank to fund the remaining project cost. Principal payments are due once per year and interest payments are due twice per year.

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE 4 - NOTE PAYABLE (Continued)

The balance at December 31, 1996 is as follows:

Balance, 12/31/96	\$ 162,000
Less current maturities	<u>14,000</u>
Long term debt	<u>\$ 148,000</u>

Principal payments required in future years as of December 31, 1996, are as follows:

1997	\$ 14,000
1998	15,000
1999	16,000
2000	17,000
2001	18,000
Thereafter	<u>82,000</u>
	<u>\$ 162,000</u>

NOTE 5 - 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 5-1/3 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, 5401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2258, or by calling (225) 526-7411.

Town of Four Rivers, Louisiana
SCHEDULE OF UTILITY RATES

December 31, 1996

Street charges:

Single Family Residential	- \$75.25
Multi-Family Residential	- \$75.25 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	- \$258.00
Light Industrial	- \$258.00

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE K - CHANGES IN CONTRIBUTED CAPITAL

The following details the components of Sewer Fund Contributed Capital at December 31, 1996:

Contributions in aid of construction from:	
Environmental Protection Agency	\$ 2,427,139
L.C.D.H.O.	749,369
Town of Pearl River	310,264
L.C.D.H.O. - Water System	<u>389,082</u>
	3,875,854
Less depreciation on assets constructed	
substantially from funds supplied by	
contributions in aid of construction:	
Total	<u><u>861,321</u></u>
	<u>\$ 3,014,533</u>

NOTE L - FUND DEFICITS

The Enterprise Fund has a deficit in unreserved retained earnings of \$26,374 at December 31, 1996.

NOTE M - BOARD OF ALDERMEN SALARIES

The Board of Aldermen receive one hundred dollars per monthly meeting. The Board of Aldermen salaries are included in the Town's General Fund.

NOTE N - GRANT AWARD

In 1994, the Town was chosen as a recipient of a Louisiana Community Development Block Grant. The total awarded was \$598,725, to be used for the installation of a water system. The Town received \$172,245 during 1995. The accompanying financial statements reflect \$416,762 received from this grant during 1996.

Town of Pearl River, Louisiana
ENTERPRISE FUND - UTILITY SYSTEM
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Year Ended December 31, 1996

Federal Agency/ Program Title	Federal CDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: Major Community Development Block Grant (Small Cities Program - 1995)	14.219	\$ 416,362

Town of Pearl River, Louisiana

GENERAL FUND

SCHEDULE OF REVENUES

For the Year Ended December 31, 1998

Revenues:	
Taxes:	
Ad valorem tax	\$ 25,849
Video poker	18,788
Tobacco	7,840
Beer	4,354
Court fines	99,976
Licenses and permits	66,668
Insurance Receipts	57,963
Interest	6,508
Other:	
Charges for services	3,148
Donations	1,907
Rental Income	5,258
Other	<u>6,888</u>
Total revenues	<u>\$ 336,632</u>

Town of Pearl River, Louisiana

GENERAL FUND

SCHEDULE OF EXPENDITURES

For the Year Ended December 31, 1996

Local government:	
Salaries	\$ 40,439
Alderman's expense	12,000
Payroll taxes	3,281
Sinking insurance	754
Retirement	4,179
Workmen's compensation	447
Recreation (District No. 5)	639
Utilities	3,316
Insurance	8,890
Town decorations	4,931
Office	10,514
Repairs and maintenance	8,874
Dues and conventions	3,316
Miscellaneous	6,879
Accounting	2,627
Vehicle expense	2,261
Attorney fees	6,868
Recreation	2,848
Tax-collector's expense	2,400
Official journal	458
Animal control	1,125
Capital outlay	<u>36,848</u>
Total	<u>\$ 222,652</u>

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

December 31, 1996

	<u>Sales Tax</u>	<u>Police Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 17,468	\$ 24,662	\$ 42,130
Sales taxes receivable	<u>32,267</u>	<u>—</u>	<u>32,267</u>
	<u>\$ 49,735</u>	<u>\$ 24,662</u>	<u>\$ 74,397</u>
LIABILITIES AND FUND BALANCE			
Accounts payable and accrued expenses	\$ 503	\$ 3,406	\$ 3,909
Due to other funds	<u>15,156</u>	<u>—</u>	<u>15,156</u>
	<u>15,749</u>	<u>3,406</u>	<u>19,155</u>
Fund balances	<u>44,016</u>	<u>21,256</u>	<u>65,272</u>
	<u>\$ 59,765</u>	<u>\$ 24,662</u>	<u>\$ 84,427</u>

Town of Pearl River, Louisiana

ALL SPECIAL REVENUE FUNDS

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

For the Year Ended December 31, 1996

	Sales Tax	Police Fund	Total
Revenues			
Taxes	\$ 386,582	\$ -	\$ 386,582
Reimbursements	10,803	-	10,803
Intergovernmental	-	2,142	2,142
Interest	902	249	1,151
Miscellaneous	509	4,682	5,191
Total revenues	<u>319,112</u>	<u>7,053</u>	<u>326,165</u>
Expenditures			
Public safety	-	218,263	218,263
Public works	183,170	-	183,170
Total expenditures	<u>183,170</u>	<u>218,263</u>	<u>401,433</u>
Excess (deficiency) of revenues over expenditures	135,942	(211,210)	(75,268)
Other financing sources (uses)			
Capital lease proceeds	33,812	-	33,812
Operating transfers in	17,969	225,884	243,853
Operating transfers out	(222,158)	-	(222,158)
Total other financing sources (uses)	<u>(170,669)</u>	<u>225,884</u>	<u>55,215</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(36,722)</u>	<u>14,595</u>	<u>(22,127)</u>
Fund balance, beginning	<u>81,738</u>	<u>5,851</u>	<u>87,589</u>
Fund balance, ending	<u>\$ 44,916</u>	<u>\$ 31,256</u>	<u>\$ 76,172</u>

Town of Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE 1 - PENSION PLANS (Continued)

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 11:185, 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, 1996, 1995, and 1994 were \$3,428, \$4,799, and \$2,523, respectively, equal to the required contributions for each year.

NOTE 7 - CAPITAL LEASE OBLIGATIONS

The Town is obligated under a lease accounted for as a capital lease. The leased asset and related obligations 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 \$53,512. 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, 1998:

<u>Year Ending December 31,</u>	<u>General Long-Term Debt Account Group</u>
1997	\$ 7,200
1998	7,854
1999	7,855
2000	7,855
2001	<u>5,003</u>
Minimum lease payments	35,807
Amount representing interest	<u>6,515</u>
Present value of minimum lease payments	<u>\$ 31,028</u>

Town of Pearl River, Louisiana

SALES TAX FUND

SCHEDULE OF EXPENDITURES

For the Year Ended December 31, 1996

EXPENDITURES

Public works:	
Salaries	\$ 38,633
Payroll taxes	3,119
Workers' compensation insurance	6,730
Paving materials	4,634
General operating	48,101
Gasoline and fluids	2,336
Repairs and maintenance	5,232
Insurance	1,800
Vehicle expenses	784
Utilities	508
Capital outlay	33,799
Equipment purchased under capital lease	33,912
Capital lease payments:	
Principal	6,652
Interest	<u>930</u>
Total	<u>\$ 185,170</u>

Smith, Hurval & Associates, L.L.C.

A LIMITED LIABILITY COMPANY

Chartered Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

The Honorable Mayor and Board of Aldermen
Pearl River, Louisiana

We have audited the primary government financial statements of Town of Pearl River, Louisiana for the year ended December 31, 1986 and have issued our report thereon dated March 25, 1987.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States; the provisions of the Compliance Supplement for Single Audits of State and Local Governments; and Circular A-128, Audits of State and Local Governments established by the Office of Management and Budget. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Town of Pearl River, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are conducted in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the primary government financial statements of Town of Pearl River, Louisiana, for the year ended December 31, 1986, we obtained an understanding of its internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Town of Pool River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE C - SHORT-TERM INTERFUND RECEIVABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

Individual fund interfund receivable and payable balances at December 31, 1996 were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 15,186	\$ -
Special Revenue Funds	<u>-</u>	<u>15,186</u>
	<u>\$ 15,186</u>	<u>\$ 15,186</u>

NOTE D - AD VALOREM TAXES

Property taxes are annually 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 assessors of St. Tammany Parish.

NOTE E - RESTRICTED ASSETS

Utility Revenue Bond requirements provide 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 in amount 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, 1996.

The Honorable Mayor and Board of Aldermen
Pearl River, Louisiana
Page 2

This report is intended for the information of the management and others within the organization as well as the U.S. Department of Agriculture Rural Economic and Community Development Agency and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Howard & Associates, L.L.C.

March 25, 1997

Town of Pearl River, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

SCHEDULE OF OPERATING EXPENSES

For the Year Ended December 31, 1986

Administrative and General:	
Salaries	\$ 28,280
Insurance	3,994
Payroll taxes	2,834
Workman's compensation insurance	2,857
Postage	1,477
Education and training	603
Office supplies	<u>487</u>
Total	<u>\$ 42,532</u>
Sanitary Systems:	
Utilities	\$ 17,128
Repairs and maintenance	14,526
Chemicals	3,808
Supplies	3,574
Sludge vat	3,255
Lab testing	3,169
Contract labor	2,418
Vehicle expenses	1,096
Other	837
State permit	596
Lubricants	<u>528</u>
Total	<u>\$ 50,893</u>
Water Systems:	
Water line and pump expense	\$ 8,667
Utilities	1,261
Water testing	<u>25</u>
Total	<u>\$ 10,053</u>