

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Town Board and Management of Town of Louisville, New York

We have performed the procedures enumerated below on the accounting records of the Town of Louisville (the Town) as of and for the year ended December 31, 2024. Town of Louisville's management is responsible for the accounting records.

Town of Louisville has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting management in its review of the accounting records. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

GENERAL FUND

1. We will inspect the bank reconciliations at December 31, 2024 and trace outstanding items to the January bank statement. We will agree the reconciled balances to the general ledger amount.

The Town operates a pooled checking account with year-end balances reported within General A, General B, and other funds. We traced the outstanding check clearance to the January 2025 bank statement with exception of checks 22194 and 22241. The General A Fund included a deficit yearend balance of (\$18,723) within the checking account instead of reporting the balance owed as Due to Other Funds. This resulted in the General B Fund cash balances reported in the general ledger (GL) to exceed reconciled bank account balances. No additional issues noted.

2. We will examine savings accounts which include special reserves. We will reconcile to the general ledger amounts.

The Town reported no segregated savings account or reserve balances within General A Fund or General B Fund as of December 31, 2024. Bank savings account balances were traced to the General B checking GL account 200.02. No additional issues noted.

3. We will reconcile the fund balance to the general ledger and examine all postings to the fund balance general ledger account.

Within the General A Fund, we noted a \$455 difference in the fund balance reconciliation from the prior year fund balance \$109,823 to current year operations within the initial trial balance. This difference was identified as the change within the accounts payable (600.01) on the balance sheet report. Upon reviewing the total annual changes as listed within the Account Detail report, this was believed to be a system reporting error. With the accounts payable balance correction, the difference was resolved.

Per the GL, the General A Fund had a deficit fund balance reported of (\$4,922). The Annual Finance Report (AFR) balance reported \$83,520 after consolidation with the Community Development Fund. The 2025 budget had assigned appropriations of \$152,500 for the General A Fund resulting in a shortage of \$68,980 for future operations.

4. We will examine general ledger revenue and expenditure accounts on a test basis. We will examine supporting documentation to support amounts posted to the general ledger accounts.

We noted that the ARPA activity was not reported for 2024 within the general ledger while balances were authorized for use in the amount of \$140,000 within the Board minutes. Additionally, within the Parks payroll account 71101-01 for General A Fund, we identified non-payroll expenditures including NBT Visa and "Louisville". No additional items were identified.

5. We will examine budget amendments and transfers approved by the Board and trace them to the various general ledger accounts.

During the January and July 2024 Town Board meetings, the use of ARPA monies were authorized to purchase advertising, building improvements and equipment for the golf course (clubhouse) as well as a \$100,000 allocation for water plant upgrades. No transfers or budget adjustments were approved to move monies to the related funds or increase the budgeted appropriations for the related expenditures accounts. No exceptions were noted between the final budget balances and Board approved balances, however there were expenditures in excess of the budget in the amount of \$102,397 for General A fund. Additionally, we noted that within the AFR the balances reported within a separate Community Development Fund are reported with the General A Fund activity. No budget authorizations were identified for the Community Development fund within the original or adjusted budget approvals. No additional issues noted.

HIGHWAY FUND

1. We will inspect the bank reconciliations at December 31, 2024 and trace outstanding items to the January bank statement. We will agree the reconciled balances to the general ledger amount.

The Town operates a pooled checking account with year-end balances reported within Highway DA and DB Funds. Report balances agreed to the bank statement with no outstanding transactions identified. No exceptions noted.

2. We will examine savings accounts which include special reserves. We will reconcile to the general ledger amounts.

The Town savings account reported for Highway DA Fund only. Report balances agreed to the bank statement with no outstanding transactions identified. No exceptions noted.

3. We will reconcile the fund balance to the general ledger and examine all postings to the fund balance general ledger account.

Within the Highway DB fund, the initial roll forward included a difference of \$7,850. This was attributed to the accounting system Operating Statement not listing account 2416-04. The balance was located within the Account Detail report and the difference was resolved without exception.

Within Highway DA Fund, the total fund balance reported a deficit balance at the end of the fiscal year overall while reserve cash balances were reported of \$113,065. Noted deficit balances reported for year-end of \$38,971 and \$117,061 within Highway DA and DB, respectively.

4. We will examine general ledger revenue and expenditure accounts on a test basis. We will examine supporting documentation to support amounts posted to the general ledger accounts.

Within Highway DA fund, we noted various expenditures reporting under incorrect coding including Misc revenue accounting included FEMA aid (4960) and Insurance reimbursement (2680) balance as well as rental income reporting reimbursements and payments for other govt for transportation services (2300). No additional exceptions identified.

5. We will examine budget amendments and transfers approved by the Board and trace them to the various general ledger accounts.

No exceptions were noted between the final budget balances and related Board authorizations, however there were expenditures in excess of budgeted appropriations in the amount of \$16,522 for Highway DA fund.

WATER FUNDS

1. We will inspect the bank reconciliations at December 31, 2024 and trace outstanding items to the January bank statement. We will agree the reconciled balances to the general ledger amount.

The Town holds individual checking accounts for each Water District (SW1, SW2 & SW3). No exceptions were noted.

2. We will examine savings accounts which include special reserves. We will reconcile to the general ledger amounts.

The Town holds special reserves for each Water District (SW1, SW2 & SW3). No exceptions were noted.

3. We will inspect the receivable accounts detail and agree to the general ledger. We will do a search for unrecorded receivables to determine that the receivable accounts are properly valued. We will examine documentation to support the receivables recorded.

The Town does not report balances on the accrued basis of accounting within the general ledger, however amounts were reported for accounts receivable balance on the Annual Financial Report (AFR). We conducted procedures to test the accuracy of AFR balances. Accounts receivable reported on the 2024 AFR appeared to be understated by approximately \$38,000 compared to B&C performed recalculation based on relevy and December billing amounts provided.

4. We will do a search for unrecorded payables and other liabilities to determine that the payable accounts are properly valued. We will examine documentation to support the payables recorded.

The Town does not report balances on an accrual basis of accounting within the general ledger or AFR.

5. We will reconcile the fund balance to the general ledger and examine all postings to the fund balance general ledger account.

Within the Water District funds, the initial roll forward included a difference of \$2,338. Differences were identified as the changes within the accounts payable (600.11-13) on the balance sheet reports of \$154. Remaining difference of \$2,491 with water district 3 was not identified.

6. We will examine other general ledger revenue and expenditure accounts on a test basis. We will examine supporting documentation to support amounts posted to the general ledger accounts.

Within our sampled testing, we selected a December 2024 disbursement in the amount of \$48,000 to Valley Water Solutions reported within the 3 water districts. The invoice provided included a total of \$8,000 for November 2024 only. The voucher listed a buy-out and was approved in the amount of \$48,000. While no cancelation of the contract was identified within the minutes, town management has verified that authorization to end the contract was provided by the Supervisor and Town Board and a letter was provided listing the contract buyout proposal.

7. We will examine budget amendments and transfers approved by the Board and trace them to the various general ledger accounts.

No exceptions were noted between the final budget balances noted and related Board authorizations, however there were expenditures in excess of the budget in the amount of \$7,663.67 and \$7,335.15 for Water District 2 and 3, respectively.

ENTERPRISE MISCELLANEOUS FUND (GOLF COURSE)

1. We will inspect the bank reconciliations at December 31, 2024 and trace outstanding items to the January bank statement. We will agree the reconciled balances to the general ledger amount.

Identified a \$1,400 deposit occurring in January 2025 which was related to credit card processing charges submitted in December 2024. However, this balance was not reported as a December 2024 deposit in transit reconciling item. No additional exceptions were noted.

2. We will do a search for unrecorded receivables to determine that the receivable accounts are properly valued. We will examine documentation to support the receivables recorded.

The Town does not report balances on an accrual basis of accounting.

3. We will do a search for unrecorded payables and other liabilities to determine that the payable accounts are properly valued. We will examine documentation to support the payables recorded.

The Town does not report balances on an accrual basis of accounting.

4. We will reconcile the net position to the general ledger and examine all postings to the net position general ledger account.

It was noted per the "Trial Balance for the Period End Date 12/31/2024" report included accounts payable \$240 credit which resulted in fund balance reconciliation differences of the same balance. However, when comparing the activity to the "G/L Account Detail" report, the \$240 credit transaction was not listed within the Accounts Payable Louisville Landing Recreation account. Additionally, the 2025 budget included \$65,390 in assignment of available fund balances to the next year's operation. The total fund balance as of the year end was \$46,878. No additional exceptions were noted.

5. We will examine the golf course revenue account and supporting documentation to support amounts posted to the general ledger account.

During our procedures over cash receipts, we noted a few variances between reporting and documentation as follows: The Town reported August transactions of \$59,312.00 within the accounting system however had a "Z Out Report" for the same period of \$61,119. The difference was identified as tournament fees not yet received, however this amount was not reported as receivable within the accounting system. The December transactions activity was reported of \$83,488.50 within the accounting system however this was different from the "Z Out Report" for the same period of \$84,888.50. The \$1,400 difference was determined to be a deposit in transit for card transactions which was identified as within the accounting system in January 2025 instead of as a deposit in transit. The Town reports revenues and expenditures on the cash basis of accounting, including the sales tax collections on behalf of NYS into "Sales and Use Tax" and remittance of balances due from "Distribution of Sales Tax" quarterly. These transactions are typically reported on an accrual basis within a liability account for balances held.

6. We will examine the golf course expense accounts and supporting documentation to support amounts posted to the general ledger accounts.

During our review of sample expenditure transactions, the following items were noted.

a. The payments associated to the golf carts lease are reported as a contractual recreation expense account 7180.4 while leases should be reported under debt service payments 9788.

b. One disbursement transaction reported in the amount of \$4,034 was related to a deposit in transit transaction not yet deposited into the bank account. If there is a deposit in transit item at the end of the month, this should be noted as an outstanding item for the reconciliation, not a reduction to cash and related revenue.

c. For the payroll processing on 6/12/24, the general ledger reported \$17,996.04 while the payroll reports provided totaled \$17,866.86 for wages and payroll taxes.

d. An invoice in the amount of \$8,486.01 was issued 10/30/23 however this was reported as a 2024 expense. We noted the Town has reported transactions within the fund on the cash basis.

e. For the September 2024 NYS sales tax remittance, it was noted that \$4,706.87 in related tax was collected between June and August but only \$4,698.80 was reported for the same period, difference of \$100 reported for taxable sales. Additionally, the Town reports the tax remittance as an expenditure for the fund on a cash basis while it is generally a liability for the Town on balances held on behalf of NYS.

f. Within the documentation provided, it was noted that five(5) invoices lacked authorized signatures from the department head and no packing slips or other purchase receipts were included for substantive documentation.

7. We will examine budget amendments and transfers approved by the Board and trace them to the various general ledger accounts. We also perform a budget to actual comparison for revenue and expenses.

The final budgeted expenditures and revenues were unchanged from original balances following budgetary adjustments reported during the year ended December 31, 2024. However, total expenditures of \$501,153.89 exceeded the budget of \$476,500 by \$24,653.89 while revenues collected of \$474,767.78 exceeded anticipated revenues of \$452,000 by \$22,767.78.

While no budgetary transfers were authorized for the purchases, the Board authorized ARPA use of \$10,000 toward advertising and \$30,000 for other costs in January 2024 as well as a March 2024 approval of \$38,450.84 in maintenance costs and a new cart lease with a \$429 monthly cost.

FIRE PROTECTION

1. We inspected the bank reconciliations at December 31, 2024 and traced outstanding items to the January bank statement. We agreed the reconciled balances to the general ledger amount.

No cash balances identified. No exceptions were noted.

2. We will reconcile the fund balance to the general ledger and examine all postings to the fund balance general ledger account.

The accounting system default utilizes account 909 for the fund balance activity updates in the general ledger while the Town's uses 915 Assigned Unappropriated Fund Balance within the AFR during 2023. For the year end December 31, 2024, the General Ledger reported deficit balances of \$13,203.

3. We will examine other general ledger revenue and expenditure accounts on a test basis. We will examine supporting documentation to support amounts posted to the general ledger accounts.

Reconciled property tax revenue of \$162,275 to the tax warrant and \$184,275 to budgeted authorized and contractual payments to Louisville Fire Department. No exceptions were noted.

FIXED ASSET ACCOUNT GROUP

1. We examined invoices for new asset additions on a test basis using the Town's capitalization policy threshold.

We examined transactions reported within the Town's .2 accounts in excess of \$5,000 during the 2024 fiscal period and verified equipment purchases were adequately reported as of yearend. The permanent road improvements of \$236,569.90 were not included on the Town's capital asset listing as it is the current practice to report the amount for roads at an estimated value based on road quality and length.

2. On a test basis, we reviewed the minutes of the Board meeting for authorization of purchases and dispositions of fixed assets.

We reviewed the Town's 2024 Board meeting minutes and verified reporting of capital assets approved.

3. We reconciled the fixed assets listing to the general ledger.

The Town does not have a general ledger reporting within the accounting software related to the Non-Current Government Assets reporting however, they do maintain an external capitalized asset inventory listing. We compared balances reported on the Annual Financial Report as of December 31, 2024 and noted differences between the capital asset inventory and the balances reported on the AFR as follows: AFR Buildings reporting of \$10,187,915 compared to inventory listing of \$8,607,378; AFR Machinery reporting of \$2,315,742 compared to inventory listing \$2,332,304; AFR Infrastructure reporting of \$2,551,654 compared to inventory listing of \$2,608,934 and AFR Other Asset of \$17,630,248 compared to inventory listing of \$17,631,405. Therefore, the overall variance between the reported and inventoried balances were \$1,505,538 as of yearend.

LONG-TERM DEBT ACCOUNT GROUP

1. We reconciled Bonds payable to the general ledger amount.

We noted that the general ledger does not include a Long-Term Debt Fund reporting group. Traced balances to the Annual Financial Report as of December 31, 2024 related to pre-existing balances without exception. Within the Fixed Asset inventory, the Town reported a new lease to own asset in the amount of \$11,975 during 2024. The related lease liability debt was not included within the long-term schedule reporting. No additional exceptions were noted.

2. We traced principal and interest payments to expenditure accounts in the governmental funds.

No exceptions were noted.

3. We reconciled judgements and claims payable to supporting documentation.

We reviewed the provided documentation related to lawsuits against the Town. No liabilities were identified as probable and estimable as of December 31, 2024. No exceptions were noted.

4. We reconciled the net pension liability to the GASB 68 letter.

We noted that the general ledger does not include a Long-Term Debt Fund reporting group. Traced balances to the Annual Financial Report as of December 31, 2024. No exceptions were noted.

OTHER PROCEDURES

1. We performed a test to ensure that deposits in excess of FDIC coverage are adequately collateralized.

Reviewed account balances as of December 31, 2024 held within NBT Bank with FDIC and collateral coverage. No exceptions were noted.

2. We will inspect the financial accounting records and agree to monthly financial reports provided to the town board on a test basis.

Within the November Supervisor report we identified the following variances General B \$75, Highway DA \$7,674.40 and Landing Recreation of \$100. These differences were identified as duplication or nonreporting of voided checks and a health insurance correction. No additional exceptions were noted.

3. We will inquire and gain an understanding of internal controls, including segregation of duties, and make recommendations as deemed necessary.

We were engaged by the Town of Louisville to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records of the Town of Louisville as of December 31, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town of Louisville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of by the Town Board and management of the Town of Louisville and is not intended to be and should not be used by anyone other than those specified parties.

Banner & Company

Watertown, New York
January 12, 2026

January 12, 2026

To the Town Board and Management
Town of Louisville, New York

During our agreed upon procedures engagement, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and recommendations regarding the matters.

Fixed Assets

There is currently not a fund reported within the general ledger for the Town's listing for the capital assets. Additionally, the inventory for capital assets does not reconcile to the balances reported within the Annual Financial Report (AFR). We recommend the Town include a Noncurrent Government Assets Account Group within the general ledger and reconcile the fixed asset inventory annually to ensure additions and disposals are accurately reported.

Year End Closing Processes

When comparing general ledger account balances as of fiscal year end to the Annual Financial Reporting (AFR) submitted to NYS, we identified multiple variances. We recommend that as part of the Town's year end closure process, they ensure that adjustments are reflected in the year end balances of their internal accounting system to accurately report items so they are ready to be reported within the AFR. This eliminates the variances and prevents errors from being rolled-forward to future years.

Bank Reconciliations

While reviewing year end bank reconciliations and subsequent transactions, it was noted that deposits or credit card charges received by the Town but not yet listed as a deposit by the bank were not included in month end balances but reported in the next month. We recommend that cash, check or credit cards payments received by the Town be included as deposits in transit on the bank reconciliation and not delay reporting for bank processing.

Supervisor Report

During our procedure to examine a sample of the Supervisor's monthly reports, it was noted that the information provided was a summary of the monthly transactions and lacked certain account detail, year to date reporting and budgetary comparison data. We recommend that the Town include within the monthly report the year to date and budget to actual data per account. This will assist report readers to better identify issues and allow a timely response such as when an account is at risk of exceeding budgetary expenditures.

Library Tax Levy

In reviewing the tax warrant and fund reporting, we identified collection of tax levies on behalf of the Massena Library, however we did not identify the revenue collection and expenditure remittance reporting within the general ledger or AFR. Under GASB No. 84, *Fiduciary Activities* the Town should report under a Custodial Trust Fund (TC) the collection and remittance of revenues conducted on behalf of another municipal entity.

Lease Reporting

We identified within our examination of the Louisville Landing Recreation Fund expenditures multiple year lease transactions reported as recreational expense coding. Under GASB No. 87 Lease, the assumption of an operational or finance lease is typically reported as a Right of Use asset and related lease liability. The payment of monthly obligations has been assigned account code 9780 under the NYS Comptrollers Chart of Accounts. We recommend the Town ensure lease reporting is in accordance with GASB No. 87 including reporting within the Capital Projects fund (H), Noncurrent Government Assets Fund (K) and Noncurrent Government Liability Fund (W) upon the beginning of the lease term and reporting of monthly payments as a related liability within the Louisville Landing Recreation Fund.

Expenditure Documentation

During our expenditure procedures, we noted that in 9 instances packing slips and/or acknowledgement that supplies and services were received were not provided with voucher documentation. In a separate instance, it was noted that a contract buyout was issued with a monthly general bill attached with a “buyout” comment on the voucher. We recommend the Town consistently follow its existing process by making sure each expenditure file includes: (1) the current invoice, bill, contract, or similar documentation; (2) receipt verification, such as a packing slip signed by an employee; and (3) bids, quotes, or other required supporting information.

Highway Reserve Fund Balance

During our procedures, we noted that the Town maintains cash accounts for reserves within the Highway DA Fund. However, at year end the Highway DA fund balance had an overall deficit and no reserve fund balance was reported. The fund effectively borrowed from the reserve and other funds cash balances to conduct operational activity. We recommend the Town monitor operations to ensure that expenditures do not exceed an amount that can be funded by revenues and non-reserved fund balances. Use of the reserve’s balances should be conducted in accordance with NYS General Municipal Law.

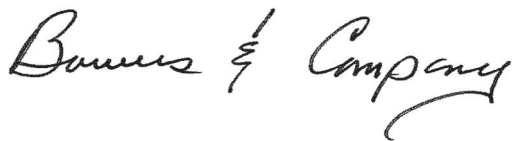
Segregation of Duties

Due to the small size of the Town there are limitations on segregation of duties. Under current practice, a limited number of individuals are involved in the cash receipts, disbursements, and reporting processes (i.e. receipt of bills and deposits, recording of receipt/purchases, reviewing documentation and issuing vouchers, making bank deposits or issuing checks, preparing bank reconciliations, posting activity to the general ledger with separate review of processes). Proper segregation of duties is not always possible in a small Town, but limited segregation to the extent possible can and should be implemented to reduce risks of error or fraud. We believe that internal controls could be improved if an individual independent of the accounting functions were involved especially with review functions following adequate training.

This communication is intended solely for the information and use of management and the Town Board, and others within the Town, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the opportunity to conduct the engagement and would like to express our thanks to the staff for the cooperation extended to us during the course of the engagement.

Very truly yours,

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned below the "Very truly yours," text.

Watertown, New York