

**TOWN OF SAREPTA**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2020**

Town of Sarepta  
Financial Report  
June 30, 2020

T A B L E   O F   C O N T E N T S

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion and Analysis	-	1-7
Independent Auditors' Report	-	8-10
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	A	13
Statement of Activities	B	14
Fund Financial Statements		
Balance Sheet-Governmental Fund	C	16
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	D	17
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Fund	E	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	F	19
Proprietary Fund		
Statement of Net Position	G	20
Statement of Revenues, Expenses, and Change in Net Position	H	21
Statement of Cash Flows	I	22
Notes to Financial Statements	-	24-41
Other Required Supplemental Information	<u>Schedule</u>	<u>Page</u>
Budgetary Comparison Schedule-General Fund	1	43
Schedule of Proportionate Share of Net Pension Liability	2	44
Schedule of Pension Contributions	3	45
Notes to Required Supplemental Information	-	46

Town of Sarepta  
Financial Report  
June 30, 2020

T A B L E O F C O N T E N T S  
(continued)

	<u>Schedule</u>	<u>Page</u>
Other Supplemental Information		
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	4	48
Schedule of Insurance	5	49
Schedule of Sewer Rates	6	50
Other Reports		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	-	52-53
Schedule of Audit Results	7	54-55

**TOWN OF SAREPTA, LOUISIANA**  
**Management's Discussion and Analysis**

June 30, 2020

As management of the Town of Sarepta, Louisiana, (hereafter referred to as “Town”) we offer the readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town of Sarepta as of and for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the Town’s basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

### **Financial Highlights**

At June 30, 2020, the total assets and deferred outflows of resources of the Town of Sarepta exceeded the total liabilities and deferred inflows of resources by \$1,193,967 (total net position), a decrease of \$104,562 compared to the prior year’s ending net position of \$1,298,529.

Unrestricted net position of \$372,897 (31.23% of total net position) represents the amount available to be used to meet the Town’s ongoing obligations to the citizens of Sarepta, Louisiana.

The Town of Sarepta’s proprietary (sewer) fund’s net position decreased \$57,568 (10.55%) from \$545,608 at June 30, 2019, to \$488,040 at June 30, 2020.

As of the close of the fiscal year, the Town’s governmental funds reported a decrease in ending fund balance of \$101,005 (24.65%) to \$308,697 from the \$409,702 fund balance for the prior year.

### **Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the Town of Sarepta’s basic financial statements. The basic financial statements include two kinds of financial statements that present different views of the Town—the **Government-wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain the information in the financial statements and provide additional detail. This report also contains additional required supplementary information—the budgetary and pension schedules—in addition to the basic financial statements. These components are described below:

***Government-wide financial statements.*** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Sarepta’s finances in a manner similar to a private-sector business. The government-wide financial statements include two statements:

The *statement of net position* presents information on all of the Town of Sarepta’s assets and liabilities, with the difference between the two reported as *net position*. Overtime, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Sarepta is improving or deteriorating.

The *statement of activities* presents information showing how the Town of Sarepta’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the

underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the financial statements above have separate sections for the two different types of Town activities. These activities are:

*Governmental Activities*--The activities in this section are mostly supported by taxes and intergovernmental revenues (grants). The services that fall into this category for the Town are general government, police, streets and right-of-ways, and cultural and recreation.

*Business-type Activities*--These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activity of the Town consists of the provision of sewer services.

The government-wide financial statements can be found immediately following this discussion and analysis.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Sarepta, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Town government, reporting operations in more detail than the government-wide statements. The funds of the Town are divided into two categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

*Governmental fund financial statements.* Most of the basic services provided by the Town are financed through governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Town's finances and assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Sarepta has one governmental fund: the General Fund, which is considered a major fund for presentation purposes. Each major fund is presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

The governmental funds financial statements can be found immediately following the government-wide financial statements.

*Proprietary fund financial statements.* These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, they are known as proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The Town has one proprietary fund, the Sewer Fund, which is considered a major proprietary fund for presentation purposes.

The basic proprietary fund financial statements can be found immediately following the governmental funds financial statements.

**Notes to the financial statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the funds financial statements.

**Required Supplementary Information (Part II).** The basic statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the general fund, and net pension liability schedules.

**Other Supplementary Information.** The schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3). This supplementary information also includes a schedule of insurance and schedule of sewer rates.

## **Government-wide Activities Financial Analysis**

### ***Net Position***

Net position may serve over time as a useful indicator of a government's financial position. The Town's combined net position (governmental and business-type activities) totaled \$1,193,967 and \$1,298,529 as of June 30, 2020, and 2019, respectively, a decrease of \$104,562 (8.05%). A portion of the Town's June 30, 2020, net position of \$763,937 (63.98%) is its investment in capital assets (e.g. land, buildings, improvements, infrastructure, and equipment); less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. This is compared to \$789,432 (60.79%) as of June 30, 2019. The Town uses these capital assets to provide services to the citizens of the Town; consequently, these assets are not available for future spending. Although the Town's

investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net position \$57,133 (4.79%) as of June 30, 2020 and \$94,316 (7.26%) as of June 30, 2020, is restricted by loan covenants for repayment of principal and interest on long-term debt.

The Town's unrestricted net position, \$372,897 (31.23%) and \$414,781 (31.94%) as of June 30, 2020 and 2019, respectively, may be used to meet the Town's ongoing obligations to citizens and creditors at the discretion of the mayor and aldermen.

The following table provides a summary of the Town's net position:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and other assets	\$ 321,883	\$ 421,169	\$ 174,887	\$ 182,036	\$ 496,770	\$ 603,205
Capital assets	427,503	397,663	603,139	674,502	1,030,642	1,072,165
Total assets	<u>749,386</u>	<u>818,832</u>	<u>778,026</u>	<u>856,538</u>	<u>1,527,412</u>	<u>1,675,370</u>
<b>Liabilities:</b>						
Current liabilities	13,186	11,467	19,987	25,490	33,173	36,957
Long-term liabilities:						
Bonds payable	-	-	249,899	266,705	249,899	266,705
Customer deposits	-	-	20,100	18,735	20,100	18,735
Total liabilities	<u>13,186</u>	<u>11,467</u>	<u>289,986</u>	<u>310,930</u>	<u>303,172</u>	<u>322,397</u>
<b>Deferred Inflows:</b>						
Pension related	<u>30,273</u>	<u>54,444</u>	<u>-</u>	<u>-</u>	<u>30,273</u>	<u>54,444</u>
<b>Net Position:</b>						
Net investment in capital assets	427,503	397,663	336,434	391,769	763,937	789,432
Restricted	-	-	57,133	94,316	57,133	94,316
Unrestricted	<u>278,424</u>	<u>355,258</u>	<u>94,473</u>	<u>59,523</u>	<u>372,897</u>	<u>414,781</u>
Total net position	<u>\$ 705,927</u>	<u>\$ 752,921</u>	<u>488,040</u>	<u>545,608</u>	<u>\$ 1,193,967</u>	<u>\$ 1,298,529</u>

### ***Changes in net position***

The Town's net position decreased by \$104,562 (8.05%) during the year ended June 30, 2020, compared to a decrease of \$68,411 (5.00%) in 2019. The difference is primarily due to an overall decrease in program revenue.

General revenues increased \$10,792 to \$311,286 in 2020 compared to an increased of \$25,662 in 2019. During the year ended June 30, 2020, approximately 55.05% of total revenues of \$565,507 were derived from general revenues, including property taxes (22.2%), sales taxes (15.4%), and franchise taxes (11.0%).

Total program revenues decreased a total of \$57,061 to \$254,221 (45.0%) of total revenues in 2020 compared to \$311,282 (50.9%) for the prior year. Charges for services of \$226,871 make up 40.12% of total revenues compared to \$268,083 or 43.82% in 2019.

Total expenses decreased \$10,118 or 1.49%. The largest expenses were: sewer operations, \$218,055 (32.54%); public safety, \$202,756 (30.26%); general government, \$183,722 (27.42%); public works, \$36,087 (5.39%); and parks and recreation, \$16,365 (2.44%). Net expense from business-type activities exceeded revenues by \$57,568 in 2020. The following table provides a summary of the Town's changes in net position:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 75,005	\$ 118,803	\$ 151,866	\$ 149,280	\$ 226,871	\$ 268,083
Operating grants and contributions	12,350	18,084	-	-	12,350	18,084
Capital grants and contributions	-	-	15,000	25,115	15,000	25,115
General revenues:						
Property taxes	125,769	126,472	-	-	125,769	126,472
Sales taxes	87,192	87,095	-	-	87,192	87,095
Franchise taxes	62,053	71,727	-	-	62,053	71,727
Licenses and permits	5,885	5,768	-	-	5,885	5,768
Interest	1,548	1,549	989	1,169	2,537	2,718
Gain/(loss) on sale of assets	(999)	-	-	-	(999)	-
Other	28,369	6,714	480	-	28,849	6,714
<b>Total revenues</b>	<b>397,172</b>	<b>436,212</b>	<b>168,335</b>	<b>175,564</b>	<b>565,507</b>	<b>611,776</b>
<b>Expenses:</b>						
General government	183,722	192,703	-	-	183,722	192,703
Public safety: Police	202,756	137,484	-	-	202,756	137,484
Public works: Streets	36,087	48,871	-	-	36,087	48,871
Parks and recreation	16,365	29,037	-	-	16,365	29,037
Sewer	-	-	218,055	258,266	218,055	258,266
Interest on long-term debt	-	-	13,084	13,826	13,084	13,826
<b>Total expenses</b>	<b>438,930</b>	<b>408,095</b>	<b>231,139</b>	<b>272,092</b>	<b>670,069</b>	<b>680,187</b>
Increase (decrease) in net position before transfers	(41,758)	28,117	(62,804)	(96,528)	(104,562)	(68,411)
Transfers in (out)	(5,236)	(22,432)	5,236	22,432	-	-
<b>Change in net position</b>	<b>(46,994)</b>	<b>5,685</b>	<b>(57,568)</b>	<b>(74,096)</b>	<b>(104,562)</b>	<b>(68,411)</b>
<b>Net position-beginning</b>	<b>752,921</b>	<b>747,236</b>	<b>545,608</b>	<b>619,704</b>	<b>1,298,529</b>	<b>1,366,940</b>
<b>Net position - ending</b>	<b>\$ 705,927</b>	<b>\$ 752,921</b>	<b>\$ 488,040</b>	<b>\$ 545,608</b>	<b>\$ 1,193,967</b>	<b>\$ 1,298,529</b>

## Governmental Funds Financial Analysis

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

### *Governmental fund*

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

As of the end of the current year, the Town's governmental fund, the General Fund, reported an ending fund balance of \$308,697, a decrease of \$101,005 (24.65%) compared to the prior year. As of June 30, 2020, the General Fund's unassigned fund balance of \$237,411 (76.91%) is available for spending during the coming year at the discretion of the mayor and town council. \$68,721 (22.26%) has already been committed to fund sewers, streets, festival, and parks expenditures while \$2,565 (0.83%) consists of prepaid insurance and is unavailable for spending during the coming year.

### *Proprietary Fund*

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town's proprietary fund (Sewer Fund) reported operating expenses of \$218,055 during the year ended June 30, 2020 compared to \$258,266 for the prior year, which were \$65,709 and \$83,871 greater than operating revenues of \$152,346 and \$174,395, respectively. The town's proprietary fund also reported a non-operating expense of \$13,084 for interest netted against interest income of \$989 and a state grant of \$15,000. The General Fund made operating transfers to the Sewer Fund of \$5,236, which consisted of cash. Thus, the sewer fund reported a decrease of \$57,568 (10.55%) in net assets in the fiscal year ended June 30, 2020.

At the end of the current year, the Town's Sewer Fund reported ending net position of \$488,040. \$336,434 (68.94%) represents investment in capital assets net of accumulated depreciation and related outstanding debt. A total of \$57,133 (11.71%) is restricted by loan covenants for repayment of principal and interest on long-term debt and \$94,473 (19.36%) is unrestricted and available for spending at the Town's discretion.

### **General Fund Budgetary Highlights**

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Town complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.). The Town amended the original budget primarily for an increase in expenses overall. The Town was not in compliance with the Budget Act. Actual revenues were less than budgeted by 5.25%. Actual expenses were more than the budgeted amounts by 16.66%.

### **Capital Asset and Debt Administration**

***Capital assets*** The Town of Sarepta's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$2,865,550, net of accumulated depreciation of \$1,834,908 leaving a book value of \$1,030,642. This investment includes land, buildings, furniture, equipment and infrastructure.

***Long-term debt*** At year end, the Town had \$266,705 in sewer revenue bonds outstanding, a decrease of \$16,028 (6.01%) compared to the prior year. Revenues derived or to be derived from the operation of the sewer system, after paying the reasonable and necessary expenses of operating and maintaining the system, are dedicated and pledged to the payment of the outstanding debt as set forth in the loan agreement. The Town is required to make monthly deposits into accounts restricted for the Bond Sinking Fund, the Bond Contingency Fund, and the Bond Reserve Fund as more fully described in Note 7.

## **Economic Factors and Next Year's Budget**

Due to the COVID-19 pandemic, the United States has experienced volatile economic conditions and disruption of general business activities. It is unknown how this will affect the Town's long-term operations in the coming year at the date of this report, other than a short term reduction in fines revenue. For the fiscal year ending June 30, 2020, the following factors were considered when the budget was prepared:

- General revenues and sewer fees collected will remain consistent with the prior year.
- Other expenditures are expected to remain steady with the prior year.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of Sarepta's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Sarepta, P. O. Box 338, Sarepta, LA 71071-0388 or by calling (318) 847-4333.

**T | C | B | T**  
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### INDEPENDENT AUDITORS' REPORT

The Honorable Peggy Adkins, Mayor  
 and the Members of the Town Council  
 Town of Sarepta, Louisiana

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town Sarepta as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Town as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Budgetary Comparison Schedule, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Pension Contributions listed as required supplementary information in the table of contents as required by the Governmental Accounting Standards Board and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, Schedule of Insurance, and Schedule of Sewer Rates listed as other supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The above listed schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Thomas, Cunningham, Broadway + Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's

January 21, 2021  
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

## STATEMENT A

**TOWN OF SAREPTA, LOUISIANA****STATEMENT OF NET POSITION**

June 30, 2020

<b>ASSETS</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 254,376	\$ 45,511	\$ 299,887
Investments	56,214	40,274	96,488
Receivables, net of allowance for uncollectible	8,164	12,428	20,592
Prepaid insurance	2,565	-	2,565
Restricted cash and cash equivalents	-	77,238	77,238
Internal balances	564	(564)	-
<b>Total current assets</b>	<b>321,883</b>	<b>174,887</b>	<b>496,770</b>
<b>Non-current assets:</b>			
Capital assets, net of accumulated depreciation	427,503	603,139	1,030,642
<b>TOTAL ASSETS</b>	<b>749,386</b>	<b>778,026</b>	<b>1,527,412</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts, payroll, and other payables	13,186	3,181	16,367
Revenue bonds, current	-	16,806	16,806
<b>Total current liabilities</b>	<b>13,186</b>	<b>19,987</b>	<b>33,173</b>
<b>Non-current liabilities:</b>			
Customer deposits	-	20,100	20,100
Bonds payable	-	249,899	249,899
<b>Total non-current liabilities</b>	<b>-</b>	<b>269,999</b>	<b>269,999</b>
<b>TOTAL LIABILITIES</b>	<b>13,186</b>	<b>289,986</b>	<b>303,172</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	30,273	-	30,273
<b>NET POSITION</b>			
Net investment in capital assets	427,503	336,434	763,937
Restricted for debt service	-	57,133	57,133
Unrestricted	278,424	94,473	372,897
<b>TOTAL NET POSITION</b>	<b>\$ 705,927</b>	<b>\$ 488,040</b>	<b>\$ 1,193,967</b>

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

## STATEMENT B

## TOWN OF SAREPTA, LOUISIANA

## STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

<b>Primary Government</b>	<b>Expenses</b>	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 183,722	\$ -	\$ -	\$ -	\$ (183,722)	\$ -	\$ (183,722)
Public safety: Police	202,756	66,109	11,250	-	(125,397)	-	(125,397)
Public works: Streets & right of ways	36,087	-	-	-	(36,087)	-	(36,087)
Parks and recreation	16,365	8,896	1,100	-	(6,369)	-	(6,369)
Total Governmental Activities	<u>438,930</u>	<u>75,005</u>	<u>12,350</u>	<u>-</u>	<u>(351,575)</u>	<u>-</u>	<u>(351,575)</u>
<b>Business-Type Activities</b>							
Sewer	218,055	151,866	-	15,000	-	(51,189)	(51,189)
Interest on debt	13,084	-	-	-	-	(13,084)	(13,084)
Total Business-type Activities	<u>231,139</u>	<u>151,866</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>(64,273)</u>	<u>(64,273)</u>
Total Primary Government	<u>\$ 670,069</u>	<u>\$ 226,871</u>	<u>\$ 12,350</u>	<u>\$ 15,000</u>	<u>\$ (351,575)</u>	<u>(64,273)</u>	<u>(415,848)</u>
General Revenues:							
Ad valorem taxes				125,769	-	125,769	
Sales tax				87,192	-	87,192	
Franchise taxes				62,053	-	62,053	
License and permits				5,885	-	5,885	
Gain (Loss) on sale of assets				(999)	-	(999)	
Investment earnings				1,548	989	2,537	
Other general revenues				28,369	480	28,849	
Transfers (out) in				(5,236)	5,236	-	
Total general revenues and transfers				<u>304,581</u>	<u>6,705</u>	<u>311,286</u>	
Change in Net Position				(46,994)	(57,568)	(104,562)	
Net position - beginning				<u>752,921</u>	<u>545,608</u>	<u>1,298,529</u>	
Net position - ending				<u>\$ 705,927</u>	<u>\$ 488,040</u>	<u>\$ 1,193,967</u>	

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

FUND FINANCIAL STATEMENTS

## STATEMENT C

**TOWN OF SAREPTA, LOUISIANA****BALANCE SHEET-GOVERNMENTAL FUND**

June 30, 2020

<b>ASSETS</b>	<b>General Fund</b>
Cash and cash equivalents	\$ 254,376
Investments	56,214
Receivables	8,164
Prepaid insurance	2,565
Due from other fund	564
 TOTAL ASSETS	 \$ 321,883
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts, payroll, and other payables	\$ 13,186
Total Liabilities	13,186
Fund Balance:	
Nonspendable	
Prepaid insurance	2,565
Committed	
Sewers, streets and parks	68,721
Unassigned	237,411
Total Fund Balance	308,697
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 321,883

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

## STATEMENT D

**TOWN OF SAREPTA, LOUISIANA****RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

June 30, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balance, Total Governmental Funds, Statement C	\$ 308,697
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds	427,503
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds	
Deferred inflows--pension related	<u>(30,273)</u>
Net Position of Governmental Activities, Statement A	\$ <u>705,927</u>

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

## STATEMENT E

**TOWN OF SAREPTA, LOUISIANA****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND**

For the year ended June 30, 2020

	<u>General Fund</u>
<b>Revenues:</b>	
Taxes	
Ad valorem taxes	\$ 125,769
Sales taxes	87,192
Franchise taxes	62,053
Licenses and permits	5,885
Fines and forfeitures	66,109
Intergovernmental	
State: On-behalf payments	11,250
Parks and recreation	8,896
Contributions	1,100
Interest	1,548
Other	4,198
Total Revenues	<u>374,000</u>
<b>Expenditures:</b>	
Current	
General government	177,372
Public Safety: Police	183,507
Public Works: Streets and right of ways	32,664
Parks and recreation	10,411
Capital outlays	65,815
Total Expenditures	<u>469,769</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(95,769)</u>
<b>Other Financing Sources (Uses):</b>	
Transfers in/(out)	<u>(5,236)</u>
Total Other Financing Sources (Uses)	<u>(5,236)</u>
Net change in fund balance	<u>(101,005)</u>
Fund balance, beginning of year	409,702
Fund balance, end of year	<u>\$ 308,697</u>

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

## STATEMENT F

**TOWN OF SAREPTA, LOUISIANA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2020

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balance, Governmental Fund, Statement E	\$ (101,005)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period:

Capital outlays	65,815
Depreciation	(34,976)

In the statement of activities, only the *gain or loss* on the sale of an asset is reported whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differed from the change in fund balance by the cost basis of the assets sold.

	(999)
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In the government-wide Statement of Activities pension benefits are recorded, but not in the governmental fund statement.

Pension benefit (expense)	<u>24,171</u>
Change in Net Position of Governmental Activities, Statement B	<u>\$ (46,994)</u>

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

## STATEMENT G

**TOWN OF SAREPTA, LOUISIANA****STATEMENT OF NET POSITION  
PROPRIETARY FUND**

June 30, 2020

<b>ASSETS</b>	<b>Sewer Fund</b>
Current assets:	
Cash and cash equivalents	\$ 45,511
Investments	40,274
Sewer fee receivables, net of allowance	12,428
Total current assets	<u>98,213</u>
Restricted assets:	
Restricted cash and cash equivalents	<u>77,238</u>
Total restricted assets	<u>77,238</u>
Non-current assets:	
Capital assets, net of accumulated depreciation	<u>603,139</u>
Total non-current assets	<u>603,139</u>
<b>TOTAL ASSETS</b>	<b><u>778,590</u></b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts, payroll, and other payables	3,181
Due to other fund	564
Payable from restricted assets:	
Revenue bonds	16,806
Total current liabilities	<u>20,551</u>
Non-current liabilities:	
Customer deposits	20,100
Bonds payable	249,899
Total non-current liabilities	<u>269,999</u>
<b>TOTAL LIABILITIES</b>	<b><u>290,550</u></b>
<b>NET POSITION</b>	
Net investment in capital assets	336,434
Restricted for debt service	57,133
Unrestricted	<u>94,473</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 488,040</u></b>

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

## STATEMENT H

**TOWN OF SAREPTA, LOUISIANA****STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
PROPRIETARY FUND**

For the year ended June 30, 2020

	Sewer Fund
<b>Operating Revenues</b>	
Charges for services	\$ 151,866
Sewer service fees	480
Capital contribution	
Total Operating Expenses	<u>152,346</u>
<b>Operating Expenses</b>	
Cost of sales and services	136,907
Administration	9,785
Depreciation	<u>71,363</u>
Total Operating Expenses	<u>218,055</u>
<b>Operating Income (Loss)</b>	(65,709)
<b>Nonoperating Revenues (Expenses)</b>	
Interest earnings	989
Interest expense	(13,084)
Intergovernmental: State Grant	<u>15,000</u>
Total Nonoperating Revenues (Expenses)	<u>2,905</u>
Income (Loss) Before Transfers	(62,804)
<b>Transfer from General Fund</b>	<u>5,236</u>
<b>Change in Net Position</b>	(57,568)
Total Net Position, beginning of year	545,608
Total Net Position, end of year	<u>\$ 488,040</u>

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

**TOWN OF SAREPTA, LOUISIANA****STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

For the year ended June 30, 2020

	<u>Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 152,043
Cash received from other operating activities	480
Cash payments to suppliers for goods and services	(102,280)
Cash payments to employees for services	(58,501)
Net cash used by operating activities	<u>(8,258)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Transfer from general fund	36,934
Transfer to general fund	(31,698)
Proceeds from state grant	15,000
Principal paid on capital debt	(16,028)
Interest paid on capital debt	(13,084)
Net cash provided by capital and related financing activities	<u>(8,876)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(869)
Interest received	989
Net cash provided by investing activities	<u>120</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(17,014)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>139,763</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 122,749</b>
Reconciliation of total cash and cash equivalents:	
Current assets - Cash and cash equivalents	\$ 45,511
Restricted cash and cash equivalents	77,238
Total cash and cash equivalents	<u>\$ 122,749</u>
Reconciliation of operating income(loss) to net cash provided(used) by operating activities:	
Operating income (loss)	\$ (65,709)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation and amortization	71,363
(Increase) decrease in accounts receivable	(1,187)
Increase (decrease) in accounts payable	(6,281)
Increase (decrease) due to other fund	(7,809)
Increase (decrease) in customer deposits	1,365
Total adjustments	<u>57,451</u>
Net cash (used) by operating activities	<u>\$ (8,258)</u>

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

NOTES TO FINANCIAL STATEMENTS

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

#### **INTRODUCTION**

The Town of Sarepta, Louisiana, was incorporated under the provisions of the Lawrason Act. The Town is governed by the mayor, town council form of government. The mayor and five councilmen are elected and serve four-year terms that expire on December 31, 2020. In addition to the Town Clerk and Chief of Police, the Town has two sewer/street employees and a part time billing clerk. The Town has a population of 834 (2018 Census estimate) and is located in northwest Louisiana in Webster Parish.

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Sarepta's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies established in GAAP and used by the Town are discussed below.

##### **A. Reporting Entity**

The Town is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. This report includes all funds that are controlled by or dependent on the Town's Executive and Legislative Branches (The Mayor and Board of Aldermen).

The primary government (Town of Sarepta) is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There were no entities that were determined to be component units of the Town of Sarepta.

##### **B. Fund Accounting**

The Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

*Government funds* are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town, or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds, or management believes that the fund is particularly important to the financial statement users. The municipality reports the following governmental fund:

- The *General Fund* is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is always reported as major governmental fund in governmental fund statements.

*Proprietary funds* are used to account for ongoing activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. Proprietary funds account for operations (a) that are financed and operated in a manner similar to private business—where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges; or (b) where the governing body has decided that 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 SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **B. Fund Accounting (continued)**

- The Sewer Fund is the Town's business-type fund and is considered a major fund. It accounts for all assets, liabilities, revenues, and expenses pertaining to the provision of sewer service to customers.

##### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

##### **Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. Individual funds are not displayed. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

##### **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide view of the Town's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

**TOWN OF SAREPTA, LOUISIANA****NOTES TO THE FINANCIAL STATEMENTS**As of and for the Year Ended June 30, 2020

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

Property taxes, sales taxes, franchise taxes, grant revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Fines, permits, and license revenues are considered to be measurable and available only when cash is received by the government.

Salaries and related benefits are recorded when employee services are provided to the Town.

**Proprietary Fund Financial Statements**

The financial statements of the proprietary fund are reported using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The amounts reflected in the Proprietary Fund Financial Statements use the accrual basis of accounting. All assets and liabilities (whether current or non-current) associated with their activities are reported.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary fund is sewer operating fees. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between the government's governmental and proprietary operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Cash and Cash Equivalents and Investments**

Cash and cash equivalents include cash on hand, amounts in demand deposits, interest bearing demand deposits and short-term, highly liquid investments with original maturities of 90 days or less when purchased. Investments are interest-bearing time deposits with original maturity dated in excess of 90 days when purchased. Investments are stated at cost, which approximates market value.

Under state law the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state bank organized under Louisiana law and national banks having principal offices in Louisiana.

**E. Receivables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. The receivables for the governmental activities include ad valorem taxes, sales and use tax, and franchise taxes. Business-type activities report customer's sewer service charges as its major receivable. Uncollectible amounts due for sewer charges 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.

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **F. Prepaid Insurance**

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid expenses.

##### **G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost. There are no assets valued at estimated cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains the following threshold levels for capitalizing assets:

Land	\$ 1
Land improvements	10,000
Buildings	10,000
Machinery and equipment	5,000
Infrastructure	25,000
Computer software	5,000

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

In accordance with GASB Statement 34, the Town has elected an exception for local governments with annual revenues of less than \$10 million and will prospectively capitalize infrastructure from the date of implementation of GASB Statement 34 forward and will not retroactively capitalize infrastructure.

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

Description	Estimated Lives
Buildings	20-40 years
Equipment	5-15 years
Sewer improvements	25 years
Outdoor and playground equipment	20 years

##### **H. Compensated Absences**

The Town of Sarepta has the following policy relating to vacation and sick leave:

**Vacation:** Employees are entitled to five days after one continuous year of service; ten days after two continuous years of service; and fifteen days after ten years of service and thereafter. Vacation time will not be allowed to accrue and will be calculated based on the anniversary date of employment. Vacation vests with the employee (i.e. is paid upon termination) and is recognized as an expense by the Town as earned.

**Sick leave:** Employees are entitled to twelve sick leave days per year. The days are based on the employee's anniversary date. Sick days may accrue up to thirty days. Upon retirement or termination, employees are not paid for any unused sick leave.

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **I. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Town has only one item that qualifies for reporting in this category, deferred amounts related to the pension plan.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the Town has only one item that qualifies for reporting in this category, deferred amounts related to the pension plan.

In the governmental fund financial statements, deferred inflows of resources arise when the Town receives resources before it has legal claim to them, as when contributions are received in advance of the period in which they must be used. In subsequent periods, when both revenue recognition criteria have been met or the Town has legal claim to the resources, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

##### **J. Restricted Assets**

Restricted assets include cash and cash equivalents in the business type activity (Sewer Fund) that is legally restricted as to their use. The restricted assets are related to the revenue bond accounts and customer's sewer deposits.

##### **K. Net Position/Fund Equity**

###### **NET POSITION**

In the government-wide financial statements, fund equity (the difference between assets and liabilities) is classified as net position and reported in three components:

- *Net investment in capital assets*—consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position*—consists of net position with constraints placed on the use by a) external groups, such as creditors, grantors, or laws or regulations of other government; or b) law through constitutional provisions or enabling legislation.
- *Unrestricted net position*—consists of all other assets that do not meet the definition of "restricted" or "net investment in capital assets".

The Town of Sarepta's policy is to consider restricted net position to have been depleted before unrestricted net position is applied.

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **K. Net Position/Fund Equity (continued)**

###### FUND BALANCES

As required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, this statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable* – Amounts that are not in spendable form (such as prepaid expenses) or they are legally or contractually required to be maintained intact.
- *Restricted* – Amounts constrained to specific purposes by their providers (such as grantors or laws or regulations of other governments).
- *Committed* – Amounts constrained by the Town itself at its highest level of decision making (the Town Council). To be reported as committed, amounts cannot be used for any other purpose unless the Town takes the same highest level action to remove or change the constraint.
- *Assigned* – Amounts the Town intends to use for a specific purpose as established by the Town Council or a body or official (Mayor) to which the Town Council has delegated authority to assign amounts for specific purposes.
- *Unassigned* – All amounts which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a negative unassigned fund balance amount.

The Town of Sarepta establishes (and modifies and rescinds) fund balance commitments and assignments by passage of an ordinance or resolution. The Town would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

##### **L. Interfund Transactions and Balances**

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and due from other funds." These receivables and payables are classified as internal balances on the statement of net position and as due from/to other funds in the fund financial statements.

##### **M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **N. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss the Town maintains commercial insurance policies and surety bond coverage. There have been no claims filed in the last three years.

#### **2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

##### *Cash and Cash Equivalents:*

At June 30, 2020, the Town has cash and cash equivalents (book balances) in deposits totaling \$377,125 as follows:

	General Fund	Sewer Fund	Total
Cash	\$ 489	\$ -	\$ 489
Interest-bearing demand deposits	244,437	122,749	367,186
Demand deposits	9,450	-	9,450
	<u><u>\$ 254,376</u></u>	<u><u>\$ 122,749</u></u>	<u><u>\$ 377,125</u></u>

Per financial statements:

Cash and cash equivalents	\$ 299,887
Restricted cash and cash equivalents	77,238
	<u><u>\$ 377,125</u></u>

##### *Investments:*

At June 30, 2020, the Town has investments (book balances) totaling \$96,488 as follows:

	General Fund	Sewer Fund	Total
Certificates of deposit	<u><u>\$ 56,214</u></u>	<u><u>\$ 40,274</u></u>	<u><u>\$ 96,488</u></u>

These deposits are stated at cost, which approximates market.

The cash and cash equivalents and investments of the Town of Sarepta are subject to the following risks:

**Custodial Credit Risk:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities with 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Further Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

At June 30, 2020, the Town has collected bank balances of deposits totaling \$475,987. These deposits are secured from risk by \$300,601 of federal deposit insurance and \$97,389 of NCUSIF insurance. The remaining balance is secured by pledged securities held by the custodial bank in the name of the Town (GASB Category 2).

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

#### **2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

*Interest Rate Risk:* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy, however, as a means of offsetting exposure to interest rate risk the Town's certificates of deposit have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates.

*Credit Risk:* Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of an investment. The Town's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state bank organized under Louisiana law and national banks having principal offices in Louisiana.

#### **3. LEVIED TAXES**

The Town of Sarepta has a 1% sales and use tax approved by the voters on October 24, 1987, and authorized through March 31, 2027. The tax, after all necessary costs for collection and administration, is dedicated for any lawful corporate purpose.

Sales tax collections for the year ended June 30, 2020, are \$87,192.

The Town also levies taxes on real and business personal property located within the boundaries of the town. Ad valorem (property) taxes are levied by the Town on property values assessed by the Webster Parish Tax Assessor and approved by the State of Louisiana Tax Commission. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2020, taxes of 21.61 mills were levied on property with taxable valuations totaling \$6,094,360 and were dedicated as follows.

Taxes due for:	Authorized Millage	Levied Millage	Expiration Date
General alimony	7.00	7.77	Indefinite
Sewers/streets/parks/recreation	14.00	13.84	2020

The difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Louisiana Constitution Article VII, Section 18(F). This revaluation of all property is required to be completed no less than every four years. Total ad valorem taxes levied are \$125,328.

#### **4. RECEIVABLES**

The following is a summary of receivables at June 30, 2020:

	<u>General</u>	<u>Sewer</u>
Sales and use tax	\$ 7,739	\$ -
Franchise tax	425	-
Sewer fees	-	20,773
Total accounts receivable	<u>8,164</u>	<u>20,773</u>
Less: Allowance for uncollectibles	-	(8,345)
Net accounts receivable	<u>\$ 8,164</u>	<u>\$ 12,428</u>

**TOWN OF SAREPTA, LOUISIANA****NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2020

**5. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2020, for the primary government is as follows:

<b>Governmental Activities:</b>	Balance June 30, 2019	Increases	Reclassifications/ Decreases	Balance June 30, 2020
Capital assets, not being depreciated				
Land	\$ 68,280	\$ -	\$ -	\$ 68,280
Capital assets, being depreciated				
Buildings & improvements	272,925	-	-	272,925
Improvements other than buildings	95,225	-	-	95,225
Vehicles	107,108	32,726	-	139,834
Equipment - office and other	70,122	9,219	-	79,341
Playground & ball equipment	39,218	23,870	(19,974)	43,114
Total capital assets, being depreciated	<u>584,598</u>	<u>65,815</u>	<u>(19,974)</u>	<u>630,439</u>
Less accumulated depreciation for				
Buildings & improvements	94,216	5,762	-	99,978
Improvements other than buildings	48,620	3,976	-	52,596
Vehicles	54,374	18,393	-	72,767
Equipment - office and other	33,176	4,789	-	37,965
Playground & ball equipment	24,829	2,056	(18,975)	7,910
Total accumulated depreciation	<u>255,215</u>	<u>34,976</u>	<u>(18,975)</u>	<u>271,216</u>
Total capital assets being depreciated net	<u>329,383</u>	<u>30,839</u>	<u>(999)</u>	<u>359,223</u>
Total capital assets, net	<u>\$ 397,663</u>	<u>\$ 30,839</u>	<u>\$ (999)</u>	<u>\$ 427,503</u>

**Business type Activity:**

	Balance June 30, 2019	Increases	Reclassifications/ Decreases	Balance June 30, 2020
Capital assets not being depreciated				
Land	\$ 9,000	\$ -	\$ -	\$ 9,000
Capital assets being depreciated				
Sewer system	2,089,696	-	-	2,089,696
Equipment	30,000	-	-	30,000
Vehicles	38,135	-	-	38,135
Total capital assets being depreciated	<u>2,157,831</u>	<u>-</u>	<u>-</u>	<u>2,157,831</u>
Less accumulated depreciation for				
Sewer system	1,447,025	65,525	-	1,512,550
Equipment	30,259	-	-	30,259
Vehicles	15,045	5,838	-	20,883
Total accumulated depreciation	<u>1,492,329</u>	<u>71,363</u>	<u>-</u>	<u>1,563,692</u>
Total capital assets being depreciated net	<u>665,502</u>	<u>(71,363)</u>	<u>-</u>	<u>594,139</u>
Total capital assets, net	<u>\$ 674,502</u>	<u>\$ (71,363)</u>	<u>\$ -</u>	<u>\$ 603,139</u>

Depreciation expense of \$34,976 for the year ended June 30, 2020, was charged to the following governmental functions:

General government	\$ 6,350
Public safety	19,250
Streets	3,423
Parks and recreation	5,953
	<u>\$ 34,976</u>

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

#### **6. PER DIEM/REIMBURSEMENTS TO MAYOR AND BOARD OF ALDERMEN**

The following is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the general government expenditures of the general fund. Per Diem and reimbursements paid to the Board of Aldermen for the year ended June 30, 2020, are as follows:

	Expense		
	Per Diem	Reimbursements	Total
<b>Aldermen:</b>			
Michael Corley	\$ 1,100	535	1,635
Melanie Dean	1,100	-	1,100
David Neal	1,100	-	1,100
Madison Lay	1,100		1,100
Gary Warford	1,100		1,100
Total	<u>\$ 5,500</u>	<u>\$ 535</u>	<u>\$ 6,035</u>

The current elected official's terms expire December 31, 2020.

#### **7. LONG-TERM DEBT**

The following is a summary of the long-term debt obligation transactions for the year ended June 30, 2020:

	Sewer Fund
Long-term obligations at June 30, 2019	\$ 282,733
Additions	-
Deductions	(16,028)
Total due	266,705
Less current due	(16,806)
Long-term obligations at June 30, 2020	<u>\$ 249,899</u>

Sewer revenue bond payable at June 30, 2020, is comprised of the following issue:

Bond	Original Issue	Interest Rate	Final Payment due	Interest to Maturity	Principal Outstanding	Funding Source
2001 Sewer Revenue Bonds	\$516,000	4.750%	2032	\$ 84,074	\$ 266,705	Sewer Revenue

The total annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments are as follows:

Year ended June 30,	Principal	Interest	Total
2021	\$ 16,806	\$ 12,306	\$ 29,112
2022	17,622	11,490	29,112
2023	18,478	10,634	29,112
2024	19,375	9,737	29,112
2025	20,315	8,797	29,112
2026-2030	117,364	28,196	145,560
2031-2032	<u>56,745</u>	<u>2,914</u>	<u>59,659</u>
	<u>\$ 266,705</u>	<u>\$ 84,074</u>	<u>\$ 350,779</u>

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

#### **8. RESTRICTED ASSETS**

Under the terms of the Sewer Revenue Bonds, revenues derived or to be derived from the operation of the sewer system, after paying the reasonable and necessary expenses of operating and maintaining the sewer system, are to be dedicated and pledged for the sinking, reserve and contingency funds scheduled payments as follows:

*Sinking Fund.* Commencing with the month following completion of and acceptance of the sewer improvements financed with the proceeds of the sewer revenue bonds, a sum of \$2,043 must be deposited on or before the 20<sup>th</sup> day of each month into the Sewer Revenue Bond and Interest Sinking Fund from August 20, 2001, through July 20, 2032, to provide amounts sufficient to pay promptly and fully the principal of and interest on the bonds.

*Reserve Fund.* Commencing with the month following completion of and acceptance of the sewer improvements financed with the proceeds of the sewer revenue bonds, a sum of \$103 per month must be deposited into the Reserve Fund from August 20, 2000, through July 20, 2001. A sum of \$122 per month must be deposited into the Reserve Fund from August 20, 2001, through July 20, 2032, until \$29,102 has been accumulated therein. At June 30, 2020, there is \$29,107 in that account.

*Contingency Fund.* Commencing with the month following completion of and acceptance of the sewer improvements financed with the proceeds of the sewer revenue bonds, a sum of \$103 per month must be deposited into the Contingency Fund from August 20, 2001, through July 20, 2032, which sum shall increase to \$243 per month once \$29,102 has been accumulated in the Reserve Fund. At June 30, 2020, there is \$28,029 in that account.

Restricted assets for debt service consist of the following at June 30, 2020:

Bond and interest sinking fund	\$ 2
Revenue bond reserve fund	29,102
Revenue bond contingency fund	28,029
	<hr/>
	\$ 57,133

#### **9. MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA**

##### **Plan description**

All full-time police department employees engaged in law enforcement and empowered to make arrests, are required to participate in the Municipal Police Employees' Retirement System providing he or she does not pay social security and providing he or she meets the statutory criteria. The System is the administrator of a cost-sharing multiple-employer plan that provides retirement benefits for municipal police officers.

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized with Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

##### Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

**TOWN OF SAREPTA, LOUISIANA****NOTES TO THE FINANCIAL STATEMENTS**As of and for the Year Ended June 30, 2020

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**9. MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (continued)****Plan description (continued)**

Benefit rates are 3.33 percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

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

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are 3 percent and 2.50 percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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

Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

#### **9. MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (continued)**

##### Deferred Retirement Option Plan

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

##### Initial Benefit Option Plan

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

##### **Employer Contributions**

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2018, total contributions due from employers and employees was 40.75 percent of annual covered payroll. The Town of Sarepta, Louisiana's contributions to the System, for the years ending June 30, 2020, 2019, and 2018 are \$0, \$0, and \$0, respectively.

##### **Non-employer Contributions**

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions during the measurement period of \$1,993 are recognized as revenue and are excluded from pension expense.

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

At June 30, 2020, the Town reported a liability of \$0 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.0000%, which was the same proportion measured as of June 30, 2018.

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

#### **9. MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (continued)**

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

For the year ended June 30, 2020, the Town recognized pension benefit of \$38,612 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	29,247
Differences between employer and proportionate share of contributions	-	1,026
<b>Total</b>	<b>\$ -</b>	<b>\$ 30,273</b>

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

Year ended June 30:		
2020	(20,556)	
2021	(9,717)	

##### **Actuarial Methods and Assumptions**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the System's employers as of June 30, 2019, are as follows:

Total Pension Liability	\$ -
Plan Fiduciary Net Position	-
<b>Total Net Pension Liability</b>	<b>\$ -</b>

The actuarial assumptions used in the June 30, 2019, valuation were based on the assumptions used in the June 30, 2019, actuarial funding valuation, and were based on the results of any actuarial experience study for the period July 1, 2009—June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

**TOWN OF SAREPTA, LOUISIANA****NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2020

**9. MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (continued)****Actuarial Methods and Assumptions (continued)**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019, are as follows:

Valuation Date	June 30, 2019	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.125%, net of investment expense	
Expected Remaining Service Lives	4 years	
Inflation Rate	2.500%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	over 23	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.  RP-2000 Disables Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.  RP-2000 Employee Table set back 4 years for males and 3 years for females for active members	
Cost-of-living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

#### **9. MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (continued)**

##### **Actuarial Methods and Assumptions (continued)**

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020, are summarized in the following table:

Asset Class	June 30, 2019		
	Target Allocation	Long-Term Expected	Portfolio Real Rate of Return
		Rate of Return	
Equity	48.5%	3.28%	
Fixed Income	33.5%	0.80%	
Alternatives	18.0%	1.06%	
Other	0.0%	0.00%	
Totals	<u>100%</u>	5.14%	
Inflation		2.75%	
Expected Nominal Return		<u>7.89%</u>	

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

##### **Sensitivity to Changes in Discount Rate**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.125%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.125%) or one percentage point higher (8.125%) than the current rate as of June 30, 2019:

	Changes in Discount Rate		
	Current		
	1% Decrease	Discount Rate	1% Increase
	6.125%	7.125%	8.125%
Net Pension Liability	\$ -	\$ -	\$ -

##### **Changes in Net Pension Liability**

The changes in the net pension liability for the year ended June 30, 2020, were recognized in the current reporting period as pension expense except as follows:

##### **Differences between Expected and Actual Experience:**

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

## TOWN OF SAREPTA, LOUISIANA

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

## **9. MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (SYSTEM) (continued)**

### **Differences between Projected and Actual Investment Earnings:**

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

### **Changes of Assumptions or Other Inputs:**

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

### **Change in Proportion:**

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

### **Contributions—Proportionate Share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

### **Retirement System Audit Report**

Municipal Police Employees Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2019. Access to the audit report can be found on the Office of Louisiana Legislative Auditor's official website: [www.llia.state.la.us](http://www.llia.state.la.us).

### **Estimates**

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Accordingly, actual results may differ from estimated amounts.

## **10. COMMITMENTS AND CONTINGENCIES**

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

## **11. RELATED PARTY TRANSACTIONS**

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2020.

**TOWN OF SAREPTA, LOUISIANA****NOTES TO THE FINANCIAL STATEMENTS**As of and for the Year Ended June 30, 2020

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**12. ON-BEHALF PAYMENTS**

Two employees received a total of \$11,750 in police supplemental pay from the State of Louisiana. The Town is responsible for withholding taxes from these employees and paying the Town's matching portion of social security taxes for the amount of supplemental pay received. The Town must recognize this supplemental pay received by the employees as revenues and expenses. The revenue is reported in the general fund under intergovernmental revenues and the expenditure is reported in public safety expenditures.

**14. SUBSEQUENT EVENT**

Management has performed an evaluation of the Town of Sarepta's activities through [redacted] and has concluded that there is one significant event requiring recognition or disclosure through the date and time these financial statements were available to be issued. On August 15, 2020, the majority of voters in Sarepta voted yes to renew the 13.84 mills tax for another ten years beginning with the year 2021 and ending with the year 2030. The purpose of the tax was extended for use to include police protection and police salaries in addition to the previous uses of sewer and sewerage disposal; streets road and drainage; and parks and recreation.

In the spring of 2020, there was a global outbreak of a new strain on coronavirus, COVID-19. The public health crisis caused volatile economic conditions, impacting financial markets and disrupting general business activities across the United States. The timing and extent of the impact of COVID-19 on the Town of Sarepta's current and future operations is unknown at the date of this report.

OTHER REQUIRED SUPPLEMENTAL INFORMATION

**TOWN OF SAREPTA, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive(Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes				
Ad valorem taxes	\$ 131,000	\$ 137,000	\$ 125,769	\$(11,231)
Sales taxes	94,300	77,000	87,192	10,192
Franchise taxes	50,250	50,250	62,053	11,803
Licenses and permits	5,750	5,750	5,885	135
Fines and forfeitures	84,700	84,700	66,109	(18,591)
Intergovernment				
State: One-behalf payments	12,000	12,000	11,250	\$(750)
State: LGAP	16,000	16,000	-	(16,000)
Parks and recreation	20,520	3,800	8,896	5,096
Contributions	5,000	1,100	1,100	-
Interest	-	-	1,548	1,548
Other	7,130	7,130	4,198	(2,932)
Total Revenues	426,650	394,730	374,000	(20,730)
<b>Expenditures:</b>				
Current				
General government	249,425	210,859	177,372	33,487
Public Safety: Police	197,263	179,800	183,507	(3,707)
Public Works: Streets and right of ways	-	-	32,664	(32,664)
Parks and recreation	29,950	12,030	10,411	1,619
Capital outlays	-	-	65,815	(65,815)
Total Expenditures	476,638	402,689	469,769	(67,080)
<b>Other Financing Sources (Uses):</b>				
Transfers in/out	-	-	(5,236)	5,236
Net change in Fund Balance	(49,988)	(7,959)	(101,005)	(93,046)
Fund balance, beginning of year	409,702	409,702	409,702	-
Fund balance, end of year	\$ 359,714	\$ 401,743	\$ 308,697	\$ (93,046)

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

## SCHEDULE 2

**TOWN OF SAREPTA, LOUISIANA****SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

For the year ended June 30, 2020

**Municipal Police Employee's Retirement System:**

Fiscal Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.00000%	\$ -	\$ -	n/a	71.01%
2019	0.00000%	\$ -	\$ -	n/a	71.89%
2018	0.50240%	\$ 43,862	\$ -	n/a	70.08%
2017	0.01071%	\$ 100,383	\$ 15,000	669.22%	66.00%
2016	0.01210%	\$ 94,799	\$ 32,000	296.25%	70.73%
2015	0.02172%	\$ 135,857	\$ 32,367	419.74%	75.10%

\*The amounts presented have a measurement date of the previous fiscal year end.

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

## SCHEDULE 3

**TOWN OF SAREPTA, LOUISIANA****SCHEDULE OF PENSION CONTRIBUTIONS**

For the year ended June 30, 2020

**Municipal Police Employee's Retirement System:**

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2020	\$ -	\$ -	\$ -	-	n/a
2019	\$ -	\$ -	\$ -	-	n/a
2018	\$ -	\$ -	\$ -	-	n/a
2017	\$ 4,762	\$ 4,762	\$ -	15,000	31.75%
2016	\$ 8,850	\$ 8,850	\$ -	30,000	29.50%
2015	\$ 10,196	\$ 10,196	\$ -	32,367	31.50%

\*The amounts presented have a measurement date of the previous fiscal year end.

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

## **TOWN OF SAREPTA, LOUISIANA**

### **NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

As of and for the year ended June 30, 2020

#### **Budgetary Information**

The Town of Sarepta, Louisiana's budget is prepared in accordance with accounting principles generally accepted in the United States of America.

The Mayor and Town Clerk prepare a proposed budget and submit the same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The proposed budget is reviewed by the board of aldermen and made available to the public. At least ten days after publication of the call for a public hearing, the Town holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the Board of Aldermen as a whole. The budget is then adopted through the passage of an ordinance during the June meeting.

The budget is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditures. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions.

Through the budget, the town allocates its resources and establishes its priorities. The annual budget assures the efficient and effective uses of the Town's economic resources. It establishes the foundation of effective financial planning by providing resource planning, performance measures, and controls that permit the evaluation and adjustment of the Town's performance.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year. Actual revenues were less than budgeted revenues by 5.25%. Actual expenditures were more than budgeted expenditures by 16.66%. The Town is not in compliance with the Louisiana Local Government Budget Act.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year-end. The budget comparison schedule presents the original adopted budget and the final amended budget. The budget for the fiscal year ended June 30, 2020, was adopted on June 13, 2019, and amended on October 10, 2019 and February 13, 2020.

#### **Pension Information**

The schedule of the Town of Sarepta's proportionate share of the net pension liability and the schedule of the Town of Sarepta's pension contributions are intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTAL INFORMATION

## SCHEDULE 4

**TOWN OF SAREPTA, LOUISIANA****SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**  
For the year ended June 30, 2020

Agency Head Name: Peggy Adkins, Mayor

Purpose	Amount
Salary	13,200
Benefits-insurance (Medicare)	191
Benefits-retirement (Social Security)	818
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	706
Continuing professional education fees	-
Housing	-
Other	-
Special meals	-
Total	<u>\$ 14,915</u>

## SCHEDULE 5

**Town of Sarepta, Louisiana****SCHEDULE OF INSURANCE**

June 30, 2020

Coverage	Inception Date	Expiration Date	Limits of Liability	Deductible Amount
<u>Business Automobile Combined Limit</u>	7/15/2019	7/15/2020	\$ 1,000,000 Per Accident	ACV
<u>General/Professional Liability</u>	7/15/2019	7/15/2020		
Personal Injury and Advertising Injury			\$ 1,000,000 Per Occurrence	\$ 0 per occurrence
General Aggregate			\$ 1,000,000 Aggregate per Coverage	
Products--Completed Operations			\$ 1,000,000 Aggregate	
Damage To Premises Rented to You			\$ 50,000 Any One Premises	
Medical Expense			excluded Per Accident	
<u>Public Officials &amp; Management Liability</u>	7/15/2019	7/15/2020		
Aggregate Limit			\$ 3,000,000	\$ -
Wrongful Acts/Employee Practices/Employee Benefit Plans			\$ 1,000,000 Per Occurrence	\$ 1,000
<u>Law Enforcement Liability</u>	7/15/2019	7/15/2020		
Aggregate Limit			\$ 1,000,000 Per Loss	
Each Wrongful Act			\$ 1,000,000 Per Occurrence	\$ 5,000
<u>Property and Contents</u>	7/15/2019	7/15/2020		
Commerical Equipment			\$ 50,000 Per schedule	\$ 1,000
Real Property			\$ 775,808 Buildings as per scheduled property value	\$ 1,000
Borrowed, Rented, or Leased				
<u>Workmen's Compensation</u>	7/15/2019	7/15/2020		
			\$ 100,000 Each accident	
			\$ 500,000 Disease policy limit	
			\$ 100,000 Disease each employee	

These insurance policies were renewed for the following year on July 15, 2020.

See independent auditor's report

## SCHEDULE 6

**Town of Sarepta, Louisiana**  
**SCHEDULE OF SEWER RATES**  
June 30, 2020

	<u>Usage</u>	<u>Flat Fee</u>
<b>Residential:</b>	Not applicable	\$ 35.00 per month
<b>Commercial:</b>	Not applicable	\$ 60.00 per month

OTHER REPORTS/SCHEDULES

**T | C | B | T**

**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**

*Certified Public Accountants*

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

Jessica H. Broadway, CPA - A Professional Corporation

Ryan E. Todtenbier, CPA - A Professional Corporation

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

The Honorable Peggy Adkins  
and the Members of the Town Council  
Town of Sarepta, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, business-type activities and each major fund as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Sarepta's (Town's) basic financial statements and have issued our report thereon dated January 21, 2021.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* (2020-001).

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway + Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's

January 21, 2021  
Natchitoches, Louisiana

Town of Sarepta  
Schedule of Audit Findings  
Year Ended June 30, 2020

## I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Town as of and for the year ended June 30, 2020.
2. The audit disclosed no material weaknesses in internal control.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

## II. FINDINGS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Compliance-

### *2020-001 Local Government Budget Act*

*Criteria* - Louisiana Revised Statute 39:1311 require that a budget for the General Fund be amended if actual revenues are less than budgeted revenues by 5% or more, and/or actual expenditures exceed budgeted expenditures by 5% or more.

*Condition* - For the year ended June 30, 2020, the Town failed to amend the budget when actual revenues were less than budgeted revenues by more than 5% and actual expenditures exceeded budgeted expenditures by more than 5% as allowed.

*Cause* - Oversight of management to ensure the budget was amended prior to the year end.

*Effect* - The budget cannot be used as an effective management tool to control revenues.

*Recommendation* - The Town should institute procedures to ensure the budget is amended whenever actual revenues are less than budgeted revenues by more than 5%, and/or actual expenditures exceed budgeted expenditures by more than 5% as allowed.

*Management's Response* - The Town will institute procedures to ensure the budget is amended when required.

## III. PRIOR YEAR AUDIT FINDINGS

### *2019-001 Inadequate Design of Internal Control over Financial Statement Preparation*

*Finding:* The Town of Sarepta, Louisiana's staff responsible for preparation of financial statements and related footnote disclosure in accordance with generally accepted accounting principles (GAAP) lacks the resources and/or knowledge necessary to internally complete the reporting requirements.

*Status:* Cleared as of June 30, 2020

Town of Sarepta  
Schedule of Audit Findings (continued)  
Year Ended June 30, 2020

- 2019-002** Inadequate Segregation of Duties over the Reconciliation of the Sewer Fund Software to the Accounting Software

*Finding:* The Town Clerk is responsible for reconciling and posting the sewer system billings and receivables into the general ledger each month. The sewer billings and receivables were not posted to the general ledger for the months April – June 2019. This led to an understatement of both accounts receivable and revenues in the sewer fund's accounting system general ledger. The Clerk was preparing monthly financial statements for the Council and Mayor in an excel spreadsheet outside of the accounting software. The externally generated financial statements, with budget comparisons, included the most current sewer system data, therefore the omitted postings went undetected.

*Status:* Cleared as of June 30, 2020

- 2019-003** Inadequate Internal Controls over Collections and Deposits with Possible Fraud

*Finding:* The Town employees share cash drawers. During examination of collections, there were instances of deposits made for less than the amounts shown on the supporting documentation. One of the employees who takes payments is the Town Clerk, who also is responsible for reconciling the sewer fund system to the accounting system, preparing deposits, posting deposits, and reconciling the bank accounts.

*Status:* Cleared as of June 30, 2020

- 2019-004** Bond Covenant Violation

*Finding:* The Town only made seven of the required twelve sinking fund payments for the year. The Town attempted to make an eighth payment, however it was erroneously deposited in the Town's Bond Reserve Fund. In addition to the erroneous deposit to the reserve fund, only eight of the twelve required payments of \$122 were made. The contingency fund only had seven of the required twelve payments of \$122.

*Status:* Cleared as of June 30, 2020

- 2019-005** Public Bid Law Violation.

*Finding:* The Town purchased three aerators simultaneously for the sewer system at a price of \$44,817. The purchase was not put out for public bids.

*Status:* Cleared as of June 30, 2020