

TOWN OF SAREPTA, LOUISIANA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

TOWN OF SAREPTA, LOUISIANA

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Dees Gardner, Certified Public Accountants, LLC

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122 Jefferson Street

Mansfield, Louisiana

Independent Accountant's Review Report

To the Honorable Peggy Adkins, Mayor
And the Members of the Board of Aldermen
Town of Sarepta, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and the major fund of the Town of Sarepta, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. A review includes primarily applying procedures to management's financial data and making inquiries of the management of the Town of Sarepta, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with the *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements of the Town of Sarepta, Louisiana, in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Required and Other Supplemental Information

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis budgetary comparison information, schedule of proportionate share of net pension liability and schedule of pension contributions are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards

Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The schedule of compensation, benefits, and other payments to the agency head or chief executive officer is required by Louisiana state statute. The schedule of insurance and the schedule sewer rates are required by bond documents.

The supplementary information included in the budgetary comparison, schedule of proportionate share of net pension liability, schedule of pension contributions, schedule of compensation, benefits, and other payments, schedule of insurance, and schedule of sewer rates has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto. The information included in the management discussion and analysis has not been subjected to the inquiry and an analytical procedure applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the management's discussion and analysis.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated January 31, 2018, on the results of our agreed-upon procedures on pages 55-57. Also presented as required is the Louisiana Attestation Questionnaire.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
January 31, 2018

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

TOWN OF SAREPTA, LOUISIANA
Management's Discussion and Analysis

June 30, 2017

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, 2017. 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, 2017, the total assets and deferred outflows of resources of the Town of Sarepta exceeded the total liabilities and deferred inflows of resources by \$1,444,712 (total net position), a decrease of \$107,587 compared to the prior year's restated ending net position of \$1,552,299.

For the fiscal year ended June 30, 2017, the Town of Sarepta recognized a pension benefit of \$24,873. Net pension liability increased \$5,584 (6%) from \$94,799 at June 30, 2016, to \$100,383 at June 30, 2017. The deferred outflows of resources for year end June 30, 2016 was restated to exclude the accrued \$96,489 due to the Municipal Police Employees' Retirement System per R. S. 11:2225.4(A)(1) that was not paid within the next fiscal year..

Unrestricted net position of \$415,786 (28.78% 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 \$32,444 (4.81%) from \$674,836 at June 30, 2016, to \$642,392 at June 30, 2017.

As of the close of the fiscal year, the Town's governmental funds reported a decrease in ending fund balance of \$154,100 (24.81%) to \$467,072 from the \$621,172 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—a budgetary schedule—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, 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).

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 \$1,444,712 and \$1,552,299 (retated) as of June 30, 2017, and 2016, respectively, a decrease of \$107,587 (6.93%). A portion of the Town's net position \$943,357 (65.30%) 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 \$944,388 (60.84%) as of June 30, 2016.

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 \$85,569 (5.59%) as of June 30, 2017 and \$89,766 (5.44%) as of June 30, 2016, is restricted by loan covenants for repayment of principal and interest on long-term debt.

The Town's unrestricted net position, \$415,786 (28.78%) and \$518,145 restated (33.38%) as of June 30, 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 482,016	\$ 632,468	\$ 189,110	\$ 187,330	\$ 671,126	\$ 819,798
Capital assets	468,931	416,840	787,023	854,048	1,255,954	1,270,888
Total assets	<u>950,947</u>	<u>1,049,308</u>	<u>976,133</u>	<u>1,041,378</u>	<u>1,927,080</u>	<u>2,090,686</u>
Deferred Outflows:						
Pension related	26,252	19,466	-	-	26,252	19,466
Liabilities:						
Current liabilities	14,944	11,296	36,182	42,655	51,126	53,951
Long-term liabilities:						
Net pension liability	100,383	94,799	-	-	100,383	94,799
Bonds payable	-	-	298,019	312,597	298,019	407,396
Customer deposits	-	-	12,525	11,290	12,525	11,290
Total liabilities	<u>115,327</u>	<u>106,095</u>	<u>346,726</u>	<u>366,542</u>	<u>462,053</u>	<u>556,146</u>
Deferred Inflows:						
Pension related	59,552	85,216	-	-	59,552	85,216
Net Position:						
Net investment in capital assets	468,931	416,840	474,426	527,548	943,357	944,388
Restricted	-	-	85,569	89,766	85,569	89,766
Unrestricted	333,389	460,623	82,397	57,522	415,786	518,145
Total net position	<u>\$ 802,320</u>	<u>\$ 877,463</u>	<u>642,392</u>	<u>674,836</u>	<u>\$ 1,444,712</u>	<u>\$ 1,552,299</u>

Changes in net position

The Town's net position decreased by \$107,587 (6.93%) during the year ended June 30, 2017, compared to an decrease of \$19,059 restated (1.21%) in 2016. The difference is primarily due to an overall increase in expenses.

General revenues increased \$4,030 to \$293,261 in 2017 compared to a decrease of \$37,388 in 2016. This was due primarily due to the gain on the sale of fixed assets. During the year ended June 30, 2017, approximately 64.2% of total revenues of \$456,971 were derived from general revenues, including property taxes (27.2%), sales taxes (18.2%), franchise taxes (6.4%), and license and permits (8.7%).

Total program revenues increased a total of \$16,632 to \$163,710 (48.02%) of total revenues in 2017 compared to \$147,078 (32.4%) for the prior year. Charges for services of \$148,183 make up 35.80% of total revenues compared to \$128,327 or 29.4% in 2016.

Total expenses increased \$109,190 or 23.98%. The largest expenses were: general government, \$254,999 (45.17%) sewer operations, \$233,771 (41.41%); public works, \$25,815 (4.57%); and parks and recreation, \$29,767 (5.277%). Net expense from business-type activities exceeded revenues by \$32,444 in 2017. The following table provides a summary of the Town's changes in net position:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016 Restated	2017	2016	2017	2016 Restated
Revenues:						
Program revenues:						
Charges for services	\$ 38,749	\$ 18,017	\$ 109,434	\$ 110,310	\$ 148,183	\$ 128,327
Operating grants and contributions	9,493	18,751	-	-	9,493	18,751
Capital grants and contributions	-	-	6,034	-	6,034	-
General revenues:						
Property taxes	124,361	123,198	-	-	124,361	123,198
Sales taxes	83,302	83,419	-	-	83,302	83,419
Franchise taxes	29,224	30,748	-	-	29,224	30,748
Licenses and permits	39,590	43,593	-	-	39,590	43,593
Interest	1,015	1,089	596	590	1,611	1,679
Gain(loss) on sale of assets	7,511	-	-	-	7,511	-
Other	7,662	6,594	-	-	7,662	6,594
Total revenues	<u>340,907</u>	<u>325,409</u>	<u>116,064</u>	<u>110,900</u>	<u>456,971</u>	<u>436,309</u>
Expenses:						
General government	254,999	184,638	-	-	254,999	184,638
Public safety: Police	4,997	32,603	-	-	4,997	32,603
Public works: Streets	25,815	26,465	-	-	25,815	26,465
Parks and recreation	29,767	13,601	-	-	29,767	13,601
Sewer	-	-	233,771	182,209	233,771	182,209
Interest on long-term debt	-	-	15,209	15,852	15,209	15,852
Total expenses	<u>315,578</u>	<u>257,307</u>	<u>248,980</u>	<u>198,061</u>	<u>564,558</u>	<u>455,368</u>
Increase (decrease) in net position before transfers	25,329	68,102	(132,916)	(87,161)	(107,587)	(19,059)
Transfers in (out)	(100,472)	-	100,472	-	-	-
Change in net position	<u>(75,143)</u>	<u>68,102</u>	<u>(32,444)</u>	<u>(87,161)</u>	<u>(107,587)</u>	<u>(19,059)</u>
Net position-beginning	877,463	809,361	674,836	761,997	1,552,299	1,571,358
Net position - ending	<u>\$ 802,320</u>	<u>\$ 877,463</u>	<u>\$ 642,392</u>	<u>\$ 674,836</u>	<u>\$ 1,444,712</u>	<u>\$ 1,552,299</u>

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 \$467,072, a decrease of \$154,100 (24.81%) compared to the prior year. As of June 30, 2017, the General Fund's unassigned fund balance of \$269,234 (57.64%) is available for spending during the coming year at the discretion of the mayor and town council. \$195,344 (41.82%) has already been committed to fund sewers, streets, festival, and parks expenditures while \$2,494 (0.53%) 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 \$233,771 during the year ended June 30, 2017 compared to \$182,209 for the prior year, which were \$124,337 and \$71,899 greater than operating revenues of \$109,434 and \$110,310, respectively. The town's proprietary fund also reported a non-operating expense of \$15,209 for interest netted against interest income of \$596 and a state grant of \$6,034. The General Fund made operating transfers to the Sewer Fund of \$100,472. Thus, the sewer fund reported a decrease of \$32,444 (4.81%) in net assets in the fiscal year ended June 30, 2017.

At the end of the current year, the Town's Sewer Fund reported ending net position of \$642,392. \$474,426 (73.85%) represents investment in capital assets net of accumulated depreciation and related outstanding debt. A total of \$85,569 (13.3%) is restricted by loan covenants for repayment of principal and interest on long-term debt and \$82,397 (12.85%) 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 to increase revenues and increase expenses overall. The Town was not in compliance with the Budget Act. Revenues were more than what was budgeted, but actual expenses were 6.39% more than the budgeted amounts.

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, 2017, totaled \$2,838,077, net of accumulated depreciation of \$1,582,123, leaving a book value of \$1,255,954. This investment includes land, buildings, furniture, equipment and infrastructure.

Long-term debt At year end, the Town had \$312,597 in sewer revenue bonds outstanding, a decrease of \$13,903 (4.25%) 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

For the fiscal year ending June 30, 2018, 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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF SAREPTA, LOUISIANA

STATEMENT OF NET POSITION

June 30, 2017

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and cash equivalents	\$ 383,903	\$ 46,020	\$ 429,923
Certificates of deposit	65,524	38,079	103,603
Receivables, net of allowance for uncollectible	17,110	9,991	27,101
Prepaid insurance	2,494	1,679	4,173
Restricted cash and cash equivalents	-	106,326	106,326
Internal balances	12,985	(12,985)	-
Total current assets	<u>482,016</u>	<u>189,110</u>	<u>671,126</u>
Non-current assets:			
Capital assets, net of accumulated depreciation	<u>468,931</u>	<u>787,023</u>	<u>1,255,954</u>
TOTAL ASSETS	<u>950,947</u>	<u>976,133</u>	<u>1,927,080</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	<u>26,252</u>	<u>-</u>	<u>26,252</u>
LIABILITIES			
Current liabilities:			
Accounts, payroll, and other payables	14,944	8,403	23,347
Compensated absences	-	216	216
Revenue bonds, current	-	14,578	14,578
Total current liabilities	<u>14,944</u>	<u>23,197</u>	<u>38,141</u>
Non-current liabilities:			
Net pension liability	100,383	-	100,383
Customer deposits	-	12,525	12,525
Bonds payable	-	298,019	298,019
Total non-current liabilities	<u>100,383</u>	<u>310,544</u>	<u>410,927</u>
TOTAL LIABILITIES	<u>115,327</u>	<u>333,741</u>	<u>449,068</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	<u>59,552</u>	<u>-</u>	<u>59,552</u>
NET POSITION			
Net investment in capital assets	468,931	474,426	943,357
Restricted for debt service	-	85,569	85,569
Unrestricted	<u>333,389</u>	<u>82,397</u>	<u>415,786</u>
TOTAL NET POSITION	<u>\$ 802,320</u>	<u>\$ 642,392</u>	<u>\$ 1,444,712</u>

See accompanying notes and independent accountant's review report

TOWN OF SAREPTA, LOUISIANA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2017

Primary Government	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General government	\$ 254,999	\$ -	\$ -	\$ -	\$ (254,999)	\$ -	\$ (254,999)
Public safety: Police	4,997	26,303	9,493	-	30,799	-	30,799
Public works: Streets & right of ways	25,815	-	-	-	(25,815)	-	(25,815)
Parks and recreation	29,767	12,446	-	-	(17,321)	-	(17,321)
Total Governmental Activities	<u>315,578</u>	<u>38,749</u>	<u>9,493</u>	<u>-</u>	<u>(267,336)</u>	<u>-</u>	<u>(267,336)</u>
Business-Type Activities							
Sewer	233,771	109,434	-	6,034	-	(118,303)	(118,303)
Interest on debt	15,209	-	-	-	-	(15,209)	(15,209)
Total Business-type Activities	<u>248,980</u>	<u>109,434</u>	<u>-</u>	<u>6,034</u>	<u>-</u>	<u>(133,512)</u>	<u>(133,512)</u>
Total Primary Government	<u>\$ 564,558</u>	<u>\$ 148,183</u>	<u>\$ 9,493</u>	<u>\$ 6,034</u>	<u>\$ (267,336)</u>	<u>(133,512)</u>	<u>(400,848)</u>
General Revenues:							
Ad valorem taxes					124,361	-	124,361
Sales tax					83,302	-	83,302
Franchise taxes					29,224	-	29,224
License and permits					39,590	-	39,590
Gain on sale of assets					7,511	-	7,511
Investment earnings					1,015	596	1,611
Insurance refund					-	-	-
Other general revenues					7,662	-	7,662
Transfers (out) in					(100,472)	100,472	-
Total general revenues and transfers					<u>192,193</u>	<u>101,068</u>	<u>293,261</u>
Change in Net Position					(75,143)	(32,444)	(107,587)
Net position - beginning					973,952	674,836	1,648,788
Restatement					(96,489)	-	(96,489)
Net position - ending					<u>\$ 802,320</u>	<u>\$ 642,392</u>	<u>\$ 1,444,712</u>

See accompanying notes and independent accountant's review report

FUND FINANCIAL STATEMENTS

TOWN OF SAREPTA, LOUISIANA
BALANCE SHEET-GOVERNMENTAL FUND
June 30, 2017

ASSETS	<u>General Fund</u>
Cash and cash equivalents	\$ 383,903
Certificates of Deposit	65,524
Receivables, net of allowance for uncollectible	17,110
Prepaid insurance	2,494
Due from other fund	<u>12,985</u>
TOTAL ASSETS	<u>\$ 482,016</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts, payroll, and other payables	\$ 14,944
Total Liabilities	<u>14,944</u>
Fund Balance:	
Nonspendable	
Prepaid insurance	2,494
Committed	
Sewers, streets and parks	195,344
Unassigned	
Total Fund Balance	<u>269,234</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 482,016</u>

See accompanying notes and independent accountant's review report

TOWN OF SAREPTA, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2017

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

Fund Balance, Total Governmental Funds, Statement C	\$ 467,072
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds	468,931
Certain deferred outflows are reported in the Statement of Net Position but not in the governmental funds	
Deferred outflows--pension related	26,252
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds	
Net pension liability	(100,383)
Deferred inflows--pension related	<u>(59,552)</u>
Net Position of Governmental Activities, Statement A	<u>\$ 802,320</u>

See accompanying notes and independent accountant's review report

TOWN OF SAREPTA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the year ended June 30, 2017

	General Fund
Revenues:	
Taxes	
Ad valorem taxes	\$ 124,361
Sales taxes	83,302
Franchise taxes	29,224
Licenses and permits	39,590
Fines and forfeitures	26,303
Intergovernmental	
State: On-behalf payments	7,500
Parks and recreation	12,446
Interest	1,015
Other	7,662
Total Revenues	331,403
Expenditures:	
Current	
General government	248,666
Public Safety: Police	22,975
Public Works: Streets and right of ways	21,870
Parks and recreation	23,686
Capital outlays	77,237
Total Expenditures	394,434
Excess (Deficiency) of Revenues over Expenditures	(63,031)
Other Financing Sources (Uses):	
Sale of property	9,403
Transfers out	(100,472)
Total Other Financing Sources (Uses)	(91,069)
Net change in fund balance	(154,100)
Fund balance, beginning of year	621,172
Fund balance, end of year	\$ 467,072

See accompanying notes and independent accountant's review report

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, 2017

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

Net Change in Fund Balance, Governmental Fund, Statement E	\$ (154,100)
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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	77,237
Depreciation	(23,256)

In the statement of activities, only the <i>gain or loss</i> 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.	(1,890)
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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)	24,873
Non-employer pension revenue	1,993
	26,866

Change in Net Position of Governmental Activities, Statement B	\$ <u>(75,143)</u>
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See accompanying notes and independent accountant's review report

PROPRIETARY FUND

TOWN OF SAREPTA, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2017

ASSETS	<u>Sewer Fund</u>
Current assets:	
Cash and cash equivalents	\$ 46,020
Certificates of deposit	38,079
Sewer fee receivables, net of allowance	9,991
Prepaid insurance	1,679
Total current assets	<u>95,769</u>
Restricted assets:	
Restricted cash and cash equivalents	106,326
Total restricted assets	<u>106,326</u>
Non-current assets:	
Capital assets, net of accumulated depreciation	787,023
Total non-current assets	<u>787,023</u>
TOTAL ASSETS	<u>989,118</u>
LIABILITIES	
Current liabilities:	
Accounts payable	8,403
Due to other fund	12,985
Compensated absences	216
Payable from restricted assets:	
Revenue bonds	14,578
Total current liabilities	<u>36,182</u>
Non-current liabilities:	
Customer deposits	12,525
Bonds payable	298,019
Total non-current liabilities	<u>310,544</u>
TOTAL LIABILITIES	<u>346,726</u>
NET POSITION	
Net investment in capital assets	474,426
Restricted for debt service	85,569
Unrestricted	82,397
TOTAL NET POSITION	<u>\$ 642,392</u>

See accompanying notes and independent accountant's review report

TOWN OF SAREPTA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
For the year ended June 30, 2017

	Sewer Fund
Operating Revenues	
Charges for services	
Sewer service fees	\$ 109,434
Operating Expenses	
Cost of sales and services	159,972
Administration	6,774
Depreciation	67,025
Total Operating Expenses	233,771
Operating Income (Loss)	(124,337)
Nonoperating Revenues (Expenses)	
Interest earnings	596
Interest expense	(15,209)
Intergovernmental: State Grant	6,034
Total Nonoperating Revenues (Expenses)	(8,579)
Income (Loss) Before Transfers	(132,916)
Transfer from General Fund	100,472
Change in Net Position	(32,444)
Total Net Position, beginning of year	674,836
Total Net Position, end of year	\$ 642,392

See accompanying notes and independent accountant's review report

TOWN OF SAREPTA, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the year ended June 30, 2017

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 109,062
Cash payments to suppliers for goods and services	(115,123)
Cash payments to employees for services	(59,131)
Net cash used by operating activities	<u>(65,192)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer from general fund	100,472
Proceeds from state grant	6,034
Principal paid on capital debt	(13,903)
Interest paid on capital debt	(15,209)
Net cash provided by non capital financing activities	<u>77,394</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(473)
Interest received	596
Net cash provided by investing activities	<u>123</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,325
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	140,021
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 152,346</u>
Reconciliation of total cash and cash equivalents:	
Current Assets - Cash and cash equivalents	\$ 46,020
Restricted cash and cash equivalents	106,326
Total cash and cash equivalents	<u>\$ 152,346</u>
Reconciliation of operating income(loss) to net cash provided(used) by operating activities:	
Operating income (loss)	\$ (124,337)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation and amortization	67,025
(Increase) decrease in prepaid assets	(360)
(Increase) decrease in accounts receivable	(1,607)
Increase (decrease) in accounts payable	3,738
Increase (decrease) due to other fund	(10,843)
Increase (decrease) in compensated absences	(43)
Increase (decrease) in customer deposits	1,235
Total adjustments	<u>59,145</u>
Net cash (used) by operating activities	<u>\$ (65,192)</u>

See accompanying notes and independent accountant's review report

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF SAREPTA, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2017

INTRODUCTION

The Town of Sarepta, Louisiana, was incorporated under the provisions of the Lawrason Act. The Town is governed by the mayor, board-of-aldermen form of government. The mayor and five aldermen 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 856 (2016 Census estimate) and is located in northwest Louisiana in Webster Parish.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Basis of Presentation

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 Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

C. 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.

TOWN OF SAREPTA, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

- 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.

D. 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.

TOWN OF SAREPTA, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

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.

E. 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.

TOWN OF SAREPTA, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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 ad valorem taxes and 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.

G. Prepaid Insurance

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid expenses.

H. 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

TOWN OF SAREPTA, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. 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.

Sick leave: Employees are entitled to ten sick leave days per year. The days are based on the fiscal year of July 1, to June 30. Sick days may accrue up to thirty days. After thirty days, the employee is paid for excess sick days at a rate of 1/260th of their annual salary. Sick pay vests with the employee (i.e. is paid upon termination) and is recognized as an expense by the Town as earned. There was a total of \$216 of accumulated unpaid vacation and sick pay as of June 30, 2017.

J. 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.

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, 2017

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. 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.

M. 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 property 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.

N. 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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. 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, 2017, the Town has cash and cash equivalents (book balances) in deposits totaling \$536,249 as follows:

	General Fund	Sewer Fund	Total
Cash	\$ 1,786	\$ 56	\$ 1,842
Interest-bearing demand deposits	382,117	131,533	513,650
Demand deposits	-	20,757	20,757
	\$ 383,903	\$ 152,346	\$ 536,249

Per financial statements:

Cash and cash equivalents	\$ 429,923
Restricted cash and cash equivalents	106,326
	\$ 536,249

Investments:

At June 30, 2017, the Town has investments (book balances) totaling \$103,603 as follows:

	General Fund	Sewer Fund	Total
Certificates of deposit	\$ 65,524	\$ 38,079	\$ 103,603
	\$ 65,524	\$ 38,079	\$ 103,603

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, 2017, the Town has collected bank balances of deposits totaling \$644,063. These deposits are secured from risk by \$250,000 of federal deposit insurance and \$181,251 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, 2017

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, 2017, are \$83,302.

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, 2017, taxes of 21.61 mills were levied on property with taxable valuations totaling \$6,219,970 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 \$136,854.

4. RECEIVABLES

The following is a summary of receivables at June 30, 2017:

	General	Sewer
Sales and use tax	\$ 7,661	\$ -
Ad valorem tax	39	-
Franchise tax	6,777	-
Other (fines & refunds)	68	-
Mowing	2,565	-
Sewer fees	-	11,101
Total accounts receivable	<u>17,110</u>	<u>11,101</u>
Less: Allowance for uncollectibles	-	(1,110)
Net accounts receivable	<u>\$ 17,110</u>	<u>\$ 9,991</u>

TOWN OF SAREPTA, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017, for the primary government is as follows:

Governmental Activities:	Balance June 30, 2016	Increases	Reclassifications/ Decreases	Balance June 30, 2017
Capital assets, not being depreciated				
Land	\$ 73,280	\$ -	\$ -	\$ 73,280
Capital assets, being depreciated				
Buildings & improvements	308,446	-	-	308,446
Improvements other than buildings	95,225	-	-	95,225
Vehicles	63,500	77,237	(45,629)	95,108
Equipment - office and other	70,122	-	-	70,122
Playground & ball equipment	39,218	-	-	39,218
Total capital assets, being depreciated	<u>576,511</u>	<u>77,237</u>	<u>(45,629)</u>	<u>608,119</u>
Less accumulated depreciation for				
Buildings & improvements	95,850	7,711	-	103,561
Improvements other than buildings	36,622	4,046	-	40,668
Vehicles	60,268	5,149	(43,739)	21,678
Equipment - office and other	20,807	4,389	-	25,196
Playground & ball equipment	19,404	1,961	-	21,365
Total accumulated depreciation	<u>232,951</u>	<u>23,256</u>	<u>(43,739)</u>	<u>212,468</u>
Total capital assets being depreciated net	<u>343,560</u>	<u>53,981</u>	<u>(1,890)</u>	<u>395,651</u>
Total capital assets, net	<u>\$ 416,840</u>	<u>\$ 53,981</u>	<u>\$ (1,890)</u>	<u>\$ 468,931</u>

Business type Activity:	Balance June 30, 2016	Increases	Reclassifications/ Decreases	Balance June 30, 2017
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	27,982	-	-	27,982
Total capital assets being depreciated	<u>2,147,678</u>	<u>-</u>	<u>-</u>	<u>2,147,678</u>
Less accumulated depreciation for				
Sewer system	1,250,450	65,525	-	1,315,975
Equipment	28,759	1,500	-	30,259
Vehicles	23,421	-	-	23,421
Total accumulated depreciation	<u>1,302,630</u>	<u>67,025</u>	<u>-</u>	<u>1,369,655</u>
Total capital assets being depreciated net	<u>845,048</u>	<u>(67,025)</u>	<u>-</u>	<u>778,023</u>
Total capital assets, net	<u>\$ 854,048</u>	<u>\$ (67,025)</u>	<u>\$ -</u>	<u>\$ 787,023</u>

Depreciation expense of \$23,256 for the year ended June 30, 2017, was charged to the following governmental functions:

General government	\$ 6,335
Public safety	6,895
Streets	3,944
Parks and recreation	6,082
	<u>\$ 23,256</u>

TOWN OF SAREPTA, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

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, 2017, are as follows:

Aldermen:	Per Diem
Michael Corley	1,300
Melanie Dean	1,300
Michael Howard	600
David Neal	1,300
Madison Tyler	700
Sheila Putman	600
Gary Warford	700
Total	\$ 6,500

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, 2017:

Long-term obligations at June 30, 2016	\$	326,500
Additions		-
Deductions		(13,903)
Total due		312,597
Less current due		(14,578)
Long-term obligations at June 30, 2017	\$	298,019

Sewer revenue bond payable at June 30, 2017, 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	\$ 125,714	\$ 312,597	Sewer Revenue

The total annual requirements to amortize all debt outstanding as of June 30, 2017, including interest payments are as follows:

Year ended June 30,	Principal	Interest	Total
2018	14,578	14,537	29,115
2019	15,282	13,830	29,112
2020	15,988	13,124	29,112
2021	16,801	12,311	29,112
2022	17,616	11,496	29,112
2023-2027	101,740	43,820	145,560
2028-2032	130,592	16,596	147,188
	\$ 312,597	\$ 125,714	\$ 438,311

TOWN OF SAREPTA, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2017

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 20th 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, 2017, there is \$25,425 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, 2017, there is \$25,297 in that account.

Restricted assets for debt service consist of the following at June 30, 2017:

Bond and interest sinking fund	\$	34,847
Revenue bond reserve fund		25,425
Revenue bond contingency fund		25,297
	\$	<u>85,569</u>

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 System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

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, 2017

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

Plan description (continued)

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

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 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 three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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

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, 2017

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, 2016, total contributions due from employers and employees was 39.50 percent of annual covered payroll. The Town of Sarepta, Louisiana's contributions to the System, for the years ending June 30, 2017, 2016, and 2015 are \$4,762, \$8,850, and \$10,196, 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, 2017, the Town reported a liability of \$100,383 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2016 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, 2016, the Town's proportion was 0.010710%, which was a decrease of 0.0013910% from its proportion measured as of June 30, 2015.

TOWN OF SAREPTA, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

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, 2017, the Town recognized pension benefit of \$24,873 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,446	\$ (1,597)
Changes of assumptions	4,881	(6)
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,163	(57,950)
Employer contributions subsequent to the measurement date	4,762	-
Total	\$ 26,252	\$ (59,553)

The Town reported a total of \$4,762 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016, which will be recognized as a reduction in net pension liability in the year ended June 30, 2017. 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:	
2018	\$ (8,325)
2019	(8,325)
2020	(8,325)
2021	(8,326)

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, 2016 are as follows:

Total Pension Liability	\$ 295,611
Plan Fiduciary Net Position	(195,228)
Total Net Pension Liability	\$ 100,383

TOWN OF SAREPTA, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

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

The actuarial assumptions used in the June 30, 2016, valuation were based on the assumptions used in the June 30, 2015, 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.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016, are as follows:

Valuation Date	June 30, 2016	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.5%, net of investment expense	
Expected Remaining Service Lives	4 years	
Inflation Rate	2.875%	
Salary increases, including inflation and merit	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	over 23	4.25%
Mortality	<p>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.</p> <p>RP-2000 Disables Lives Table set back 5 yers for males and set back 3 years for females for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members</p>	
Cost-of-living Adjustments	<p>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.</p>	

Actuarial Methods and Assumptions (continued)

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, 2017

9. MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (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, 2016, are summarized in the following table:

Asset Class	June 30, 2016	
	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52%	3.47%
Fixed Income	20%	0.46%
Alternatives	23%	1.15%
Other	5%	0.20%
Totals	100%	5.28%
Inflation		3.00%
Expected Nominal Return		8.28%

The discount rate used to measure the total pension liability was 7.5%. 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 7.5%, 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 (6.5%) or one percentage point higher (8.5%) than the current rate as of June 30, 2016:

	Changes in Discount Rate		
	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 133,819	\$ 100,383	\$ 72,310

Changes in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2016 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, 2017

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, 2016. Access to the audit report can be found on the Office of Louisiana Legislative Auditor's official website: www.la.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, 2017.

TOWN OF SAREPTA, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2017

12. ON-BEHALF PAYMENTS

Two employees received a total of \$7,500 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.

13. RESTATEMENT

The Town has been informed in for year end June 30, 2016, by the Municipal Police Employee's Retirement System that since they have had a decrease in salary reported for fiscal years 2014-2016, that per Revised Statute 11:2225.4, they owe the system \$96,489 for a portion of their unfunded accrued liability. This amount was accrued as deferred outflow that the Town paid in the subsequent year. The Town did not pay this amount during the year, thus the prior year government-wide financial statements were restated as follows:

Decrease in deferred outflows	96,489
Increase in general government expenses	96,489

14. SUBSEQUENT EVENT

Management has performed an evaluation of the Town of Sarepta's activities through January 31, 2018, and has concluded that there are no significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

TOWN OF SAREPTA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive(Negative)
	Original	Final		
Revenues:				
Taxes				
Ad valorem taxes	\$ 155,000	\$ 123,000	\$ 124,361	\$ 1,361
Sales taxes	102,000	76,500	83,302	6,802
Franchise taxes	37,000	35,000	29,224	(5,776)
Licenses and permits	7,400	6,075	39,590	33,515
Fines and forfeitures	6,725	29,060	26,303	(2,757)
Intergovernment				
State: One-behalf payments	-	-	7,500	7,500
Parks and recreation	7,500	12,267	12,446	179
Contributions	1,250	600	-	(600)
Sale of property	-	-	9,403	9,403
Interest	-	-	1,015	1,015
Insurance refund	-	20,000	-	(20,000)
Other	5,132	19,197	7,662	(11,535)
Total Revenues	<u>322,007</u>	<u>321,699</u>	<u>340,806</u>	<u>19,107</u>
Expenditures:				
Current				
General government	242,586	343,747	248,666	95,081
Public Safety: Police	23,150	17,925	22,975	(5,050)
Public Works: Streets and right of ways	44,000	24,230	21,870	2,360
Parks and recreation	12,700	23,437	23,686	(249)
Capital outlays	10,000	55,843	77,237	(21,394)
Transfers out	-	-	100,472	(100,472)
Total Expenditures	<u>332,436</u>	<u>465,182</u>	<u>494,906</u>	<u>(29,724)</u>
Net change in Fund Balance	<u>(10,429)</u>	<u>(143,483)</u>	<u>(154,100)</u>	<u>(10,617)</u>
Fund balance, beginning of year	621,172	621,172	621,172	-
Fund balance, end of year	<u>\$ 610,743</u>	<u>\$ 477,689</u>	<u>\$ 467,072</u>	<u>\$ (10,617)</u>

See accompanying notes and independent accountant's review report

TOWN OF SAREPTA, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

For the year ended June 30, 2017

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
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.

See accompanying notes and independent accountant's review report

TOWN OF SAREPTA, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS
For the year ended June 30, 2017

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
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.

See accompanying notes and independent accountant's review report

TOWN OF SAREPTA, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

As of and for the year ended June 30, 2017

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 more than budgeted revenues. Actual expenditures were more than budgeted expenditures by 6.39%. 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, 2017, was adopted on June 14, 2016, and amended on April 11, 2017 and June 13, 2017.

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

TOWN OF SAREPTA, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

For the year ended June 30, 2017

Agency Head Name: Peggy Adkins, Mayor

Purpose	Amount
Salary	12,000
Benefits-insurance (Medicare)	175
Benefits-retirement (Social Security)	749
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	685
Dues	-
Reimbursements	784
Travel	2,599
Registration fees	200
Conference travel	-
Continuing professional education fees	-
Housing	-
Other	742
Special meals	136
Total	\$ 18,070

See accompanying notes and independent accountant's review report

Town of Sarepta, Louisiana
SCHEDULE OF INSURANCE
June 30, 2017

Coverage	Inception Date	Expiration Date	Limits of Liability		Deductible Amount
<u>Business Automobile Combined Limit</u>	7/15/2016	7/15/2017	\$ 1,000,000	Per Accident	ACV
<u>General/Professional Liability</u>	7/15/2016	7/15/2017			
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 & Management Liability</u>	7/15/2016	7/15/2017			
Aggregate Limit			\$ 1,000,000		\$ -
Wrongful Acts/Employee Practices/Employee Benefit Plans			\$ 1,000,000	Per Occurrence	\$ 5,000
Action for Injunctive Relief			\$ 5,000	Per Occurrence	\$ 1,000
<u>Law Enforcement Liability</u>	7/15/2016	7/15/2017			
Aggregate Limit			\$ 1,000,000	Per Loss	
Each Wrongful Act			\$ 1,000,000	Per Occurrence	\$ 5,000
<u>Property and Contents</u>	7/15/2016	7/15/2017			
Commerical Equipment			\$ 48,500	Per schedule	\$ 1,000
Real Property			\$ 723,380	Buildings	
Borrowed, Rented, or Leased				as per scheduled property value	\$ 1,000
<u>Workmen's Compensation</u>	7/15/2016	7/15/2017	\$ 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, 2017.

See accompanying notes and independent accountant's review report

Town of Sarepta, Louisiana
SCHEDULE OF SEWER RATES
June 30, 2017

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

See accompanying notes and independent accountant's review report

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING
STANDARDS* and the *LOUISIANA GOVERNMENTAL AUDIT GUIDE*



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

Maura Dees Gardner, CPA, CFE

122 Jefferson Street

Mansfield, Louisiana

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Peggy Adkins, Mayor
And the Members of the Board of Aldermen
Town of Sarepta, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed upon by the management of the Town of Sarepta, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town of Sarepta, Louisiana's compliance with certain laws and regulations during the year ended June 30, 2017, included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Town of Sarepta, Louisiana, is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

No expenditures were made during the year for materials and supplies exceeding \$30,000 or public works exceeding \$150,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management (agreed-upon procedure No. 3) appeared on the list provided by management in agreed-upon procedure No. 2.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original and amended budgets.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget at a meeting held by the Board of Aldermen meeting on June 14, 2016. It was amended twice on April 11, 2017 and June 13, 2017.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more if actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenue and expenditures. Actual revenues exceeded budgeted amounts. Actual expenditures were 6.39%% more than budgeted expenditures. The Town of Sarepta, Louisiana is not in compliance with the Louisiana Local Budget Act.

Management's response: We will watch our budget more closely.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

All checks were supported by proper documentation as to proper amount and payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account;

The payments were found to be coded to the correct fund and general ledger accounts.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the selected disbursements indicated appropriate approvals.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by RS 42:4.1 through 42:13 (the open meeting law).

Management asserted that the agendas were properly posted and date stamped copies of the agendas were examined in the files.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected all deposits for the period under examination and found no indications of new bank loans, bonds, or like indebtedness during the year.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

In our review of the cash disbursements and payroll records for the year, we noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior-Year Comments and Recommendations

12. Evidence items had not been included on the evidence log. Resolved.
13. Immaterial amounts of sales tax were being paid by the Town on purchases made through the Town's credit cards. Resolved.

Other Matters

14. The Town is subject to R.S. 24:513(A)(5)(a) requiring their financial reporting to be completed within six months of the close of their fiscal year end. The review of their financial statements was not submitted until after the six month deadline causing the Town to be in violation of the previously mentioned statute.

Management's Response: Our outside accounting firm and auditor have taken responsibility for the late filing. Our outside accounting firm did not submit information to our auditor until two weeks before the filing deadline. Both firms perform audits of local governments in the State of Louisiana and were under increased workloads due to new agreed-upon procedures that went into effect for their June 30, 2017, audits.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Sarepta, Louisiana, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
January 31, 2018

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

September 6, 2017

Dees Gardner, CPAs, LLC
122 Jefferson Street
Mansfield, LA 71052

In connection with your review of our financial statements as of June 30, 2017 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 14, 2017.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Peggy Adkins Mayor 9-8-2017 Date

Amanda Griffin Clerk 9-8-2017 Date