

Town of Sarepta, Louisiana

Financial Statements

As of and for the Year Ended June 30, 2025

Town of Sarepta, Louisiana
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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Sarepta, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Sarepta's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Sarepta, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Sarepta and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Sarepta's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Sarepta's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Sarepta's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 35-36, the Schedule of Proportionate Share of Net Pension Liability on page 37, and the Schedule of Contributions on page 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sarepta's basic financial statements. The other supplementary information schedules listed in the table of contents and shown on pages 39 – 42 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Town of Sarepta prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedule, Justice System Funding Schedule, shown on pages 43-44, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This schedule is presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with accounting principles generally accepted in the United States of America. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion the Justice System Funding Schedule, shown on pages 43-44, is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of the Town of Sarepta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Sarepta's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sarepta's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 22, 2025

Town of Sarepta
Sarepta, Louisiana
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 207,652	\$ 28,918	\$ 236,570
Investments	61,862		61,862
Receivables	33,958	12,950	46,908
Restricted cash		85,497	85,497
Internal balances	10,000	(10,000)	
Capital assets, not being depreciated	68,280	9,000	77,280
Capital assets, net	311,204	306,861	618,065
Total Assets	692,956	433,226	1,126,182
Deferred outflows of resources			
Pension related	118,756		118,756
Liabilities			
Accrued expenses	6,598	782	7,380
Payable from restricted assets:			
Customer deposits		26,998	26,998
Non-current liabilities:			
Due within one year	15,475	21,302	36,777
Due in more than one year	141,003	156,089	297,092
Total liabilities	163,076	205,171	368,247
Deferred inflows of resources			
Pension related	85,238		85,238
Net Position			
Net investment in capital assets	362,634	141,632	504,266
Restricted for debt service		58,499	58,499
Unrestricted	200,764	27,924	228,688
Total net position	\$ 563,398	\$ 228,055	\$ 791,453

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	\$ 243,983	\$ 41,525	\$ 9,547	\$ 2,165	\$ (190,746)		\$ (190,746)
Public safety	217,266	89,080		11,067	(117,119)		(117,119)
Public works	33,616		16,864		(16,752)		(16,752)
Parks and recreation	31,115	28,796			(2,319)		(2,319)
Total governmental activities	<u>525,980</u>	<u>159,401</u>	<u>26,411</u>	<u>13,232</u>	<u>(326,936)</u>		<u>(326,936)</u>
Business-type activities							
Sewer	229,193	166,967				(62,226)	(62,226)
Total business-type activities	<u>229,193</u>	<u>166,967</u>				<u>(62,226)</u>	<u>(62,226)</u>
Total government	<u>\$ 755,173</u>	<u>\$ 326,368</u>	<u>\$ 26,411</u>	<u>\$ 13,232</u>	<u>(326,936)</u>	<u>(62,226)</u>	<u>(389,162)</u>
General revenues:							
					90,665		90,665
					126,485		126,485
					42,363		42,363
					2,371	123	2,494
					4,889		4,889
					<u>266,773</u>	<u>123</u>	<u>266,896</u>
					(60,163)	(62,103)	(122,266)
					623,561	290,158	913,719
					<u>\$ 563,398</u>	<u>\$ 228,055</u>	<u>\$ 791,453</u>

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Balance Sheet
Governmental Fund
June 30, 2025

Assets	<u>General</u>
Cash	\$ 207,652
Investments	61,862
Receivables	33,958
Due from sewer	<u>10,000</u>
Total Assets	<u>\$ 313,472</u>
Liabilities and Fund Balance	
Liabilities:	
Accrued expenses	\$ 6,598
Total Liabilities	<u>6,598</u>
Fund balance:	
Unassigned	<u>306,874</u>
Total Fund Balance	<u>306,874</u>
Total Liabilities and Fund Balance	<u>\$ 313,472</u>

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2025

Fund Balance - Governmental Fund	\$	306,874
<p>Amounts reported for government activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		379,484
<p>Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds.</p>		
Deferred outflows - pension related		118,756
<p>Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds</p>		
Lease liability		(4,514)
Subscription-based information technology agreements		(12,335)
Compensated absences		(4,916)
Net pension liability		(134,713)
Deferred inflows - pension related		(85,238)
		(341,712)
Net Position of Governmental Activities	\$	563,398

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2025

Revenues:	<u>General</u>
Taxes	
Ad valorem	\$ 90,665
Sales tax	126,485
Franchise tax	42,363
Licenses and permits	41,525
Fines and forfeitures	89,080
Intergovernmental revenues	35,776
Parks and recreation	28,796
Interest	2,371
Other	4,889
Total revenues	<u>461,950</u>
Expenditures:	
Current	
General government	231,848
Public safety	169,845
Public works	31,150
Parks and recreation	22,980
Capital outlay	36,283
Total expenditures	<u>492,106</u>
Net change in fund balance	(30,156)
Fund balance, beginning of year, restated	<u>337,030</u>
Fund balance, end of year	<u>\$ 306,874</u>

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in the Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balance - governmental fund	\$	(30,156)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Government 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/amortization expense. This is the amount by which depreciation/amortization \$(44,426) exceed capital outlays \$(36,283) in the current period.</p>		
		(8,143)
<p>Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities</p>		
Non-employer contributions to cost-sharing pension plan		3,868
<p>The repayment of principle of long-term liabilities consumes current financial resources of governmental funds.</p>		
		8,243
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>		
Compensated Absences		(1,025)
Pension expense		(32,950)
		(32,950)
Change in Net Position of Governmental Activities	\$	(60,163)

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2025

	Business-Type Activities
	Enterprise Fund
	Sewer Fund
Assets	
Current assets	
Cash	\$ 28,918
Restricted cash - customer deposits	26,998
Receivables	12,950
Total current assets	68,866
Noncurrent assets	
Restricted cash - debt service	58,499
Capital assets:	
Land	9,000
Vehicles	29,190
Plant and equipment	2,132,789
Less: accumulated depreciation	(1,855,118)
Total noncurrent assets	374,360
Total assets	443,226
Liabilities	
Current liabilities	
Accrued expenses	782
Payable from restricted assets:	
Customer deposits	26,998
Revenue bonds	21,302
Due to general	10,000
Total current liabilities	59,082
Non-current liabilities	
Revenue bonds	152,927
Compensated absences	3,162
Total non current liabilities	156,089
Total Liabilities	215,171
Net position	
Net investment in capital assets	141,632
Restricted for debt service	58,499
Unrestricted	27,924
Total net position	\$ 228,055

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities
	Enterprise Fund
	Sewer Fund
Operating Revenues	
Charges for services	
Sewer charges	\$ 166,967
Total operating revenues	166,967
 Operating Expenses	
Salaries and benefits	38,613
Chemicals and supplies	43,388
Office expense	1,323
Utilities	21,291
Repair and maintenance	63,044
Depreciation	49,900
Miscellaneous	2,836
Total operating expenses	220,395
 Operating income (loss)	(53,428)
 Non-Operating Revenues (Expenses)	
Interest expense	(8,798)
Interest income	123
Total non-operating revenues (expenses)	(8,675)
 Change in net position	(62,103)
 Total net position, beginning of year, restated	290,158
 Total net position, end of year	\$ 228,055

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities Enterprise Fund
	Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 164,252
Payments to employees for services	(38,272)
Payments to suppliers	(131,883)
Net cash (used in) operating activities	(5,903)
Cash Flows from Capital and Related Financing Activities	
Payment made on long-term debt	(20,313)
Interest paid on capital debt	(8,798)
Net cash (used in) capital and related financing activities	(29,111)
Cash Flows from Investing Activities:	
Interest income	123
Sale of investments	42,659
Net cash provided by investing activities	42,782
Net increase in cash	7,768
Cash, beginning of year	106,647
Cash, end of year	\$ 114,415
Cash is reflected on the statement of net position as follows:	
Cash	\$ 28,918
Restricted cash - customer deposits	26,998
Restricted cash - debt service	58,499
Total	\$ 114,415
Reconciliation of Operating Income(loss) to Net Cash Provided (used) by Operating Activities:	
Operating income (loss)	\$ (53,428)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation expense	49,900
(Increase) decrease in receivables	418
Increase (decrease) in accrued expenses	340
Increase (decrease) in customer deposits	(3,133)
Net cash (used) in operating activities	\$ (5,903)

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025

Introduction

The Town of Sarepta, Louisiana, was incorporated under the provisions of the Lawrason Act. The Town is governed by the mayor, town council form of government. The mayor and five councilmen are elected and serve four-year terms that expire on December 31, 2025.

(1) Summary of Significant Accounting Policies

The Town of Sarepta's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Sarepta are discussed below.

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Sarepta is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town of Sarepta), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Town of Sarepta are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB established criteria for determining which component units should be considered part of the Town of Sarepta for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The Town of Sarepta's basic financial statements include both government-wide (reporting the funds maintained by the Town of Sarepta as a whole) and fund financial statements (reporting the Town of Sarepta's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's general fund is classified as governmental activities. The Town's sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Sarepta's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Sarepta's functions. The functions are also supported by general government revenues (sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing sewer services.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

The net costs (by function) are normally covered by general revenue (ad valorem, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town of Sarepta as an entity and the change in the Town of Sarepta's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Sarepta are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Sarepta:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Town of Sarepta:
 - a. General fund is the general operating fund of the Town of Sarepta. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Sewer Fund – accounts for the provision of sewer services of the Town.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

F. Revenues

Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are usually levied by the Town in September or October and billed to the taxpayer in November of each year. Revenue from ad valorem taxes are budgeted in the year billed.

G. Sales Taxes

The Town receives proceeds from a one percent sales and use tax approved by the voters on October 24, 1987, and authorized through March 31, 2027. The revenue from which may be used for any lawful purpose.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

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 acquisition value. Lease assets are measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subscription-based information technology arrangements (SBITAs) are measured as the sum of the initial subscription liability amounts, plus payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription terms. 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

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

Buildings and improvements	10–40 years
Land improvements	10–30 years
Infrastructure	25–50 years
Furniture and equipment	5–15 years
Vehicles	5–15 years
Other equipment	5–10 years
Water and sewer systems	5–40 years

Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. As of June 30, 2025, the Town has one copier lease which is being amortized over the lease term of 63 months. SBITA assets are amortized over the subscription term. As of June 30, 2025, the Town has one SBITA asset which is being amortized over the subscription term of 5 years.

GASBS requires the Town to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

I. 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 sales and use tax and franchise taxes. Business-type activities report customer's sewer service charges as its major receivable. Uncollectible amounts due for sewer charges are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Accounts receivable for the Sewer Fund are shown net of an allowance of \$12,950.

J. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

K. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Sewer Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

M. 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has deferred outflows of resources related to pensions.

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred inflows of resources related to pensions.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

N. Fund Balance

GASB standards which define the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the Town's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expensed by the Mayor, an appointed body or official the Town Alderman has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.
5. Unassigned fund balances are the residual classification for the Town's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the Town's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

O. Compensated Absences

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

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

Sick leave: Employees are entitled to twelve sick leave days per year. The days are based on the employee's anniversary date. Sick days may accrue up to thirty days. While the Town does not compensate employees for unused sick leave upon separation from employment, it is more likely than not that employees will use their accrued sick leave during employment. In accordance with GASB Statement No. 101, the Town has recorded a liability for compensated absences related to expected future use of sick leave.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

P. Pension Plan

The Town is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plan as described in Note 11. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position have been determined on the same basis as they are reported by the plan.

Q. Fair Value Measurement

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

R. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

(2) Budgets

The Town follows the following budget practices:

- (a) The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
- (b) The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- (d) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Board of Aldermen.
- (e) Budgetary appropriations lapse at the end of each fiscal year.

The budget for the General Fund was adopted on the cash basis for the year ended June 30, 2025. There was one budget amendment made to the original budget.

(3) Cash, Cash Equivalents, and Investments

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2025 (book balances) totaled \$322,067, of which \$85,497 is shown as a restricted asset. These deposits are stated at cost, which approximates market. 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 the amount on deposit with the fiscal agent.

B. Investments

The investments are presented in the financial statements at fair value using level 2 fair value measure. At June 30, 2025, the Town had investments totaling \$61,862 consisting of certificates of deposit with initial maturities greater than 90 days. The certificates of deposits are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2025, \$39,318, of the Town's bank balances totaling \$386,884, were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the Town's name:	
Cash and cash equivalents	<u>\$ 39,318</u>

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

(4) Receivables

Receivables at June 30, 2025 are as follows:

Governmental activities:	
Sales and use taxes	\$ 12,572
Licenses and permits	10,477
Franchise tax	<u>10,909</u>
	<u>33,958</u>
Business-type activities:	
Sewer charges	<u>12,950</u>
	<u>12,950</u>
Total	<u>\$ 46,908</u>

(5) Accrued Expenses

Accrued expenses at June 30, 2025 consisted of the following:

Governmental	Govern- Business-type		
Class of Payable	Activities	Activities	Total
Retirement	\$ 1,526	\$	\$ 1,526
Accrued sick leave	544	782	1,326
Payroll liabilities	<u>4,528</u>		<u>4,528</u>
Total	<u>\$ 6,598</u>	<u>\$ 782</u>	<u>\$ 7,380</u>

(6) Levied Taxes – Ad Valorem Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien on property as of January 1 of each year. The taxes are due and payable on the date the tax rolls are filed with the recorder of mortgages. The taxes become delinquent if not paid by December 31.

The following is a summary of authorized and levied ad valorem taxes for the 2024 tax year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General	7.42	7.42	N/A
Sewer/streets/parks/recreation/police	13.19	13.19	2030

Approximately 47% of the Town's Ad Valorem taxes are derived from ten taxpayers.

(7) Adoption of New Accounting Standard – GASB Statement No. 101

During the year ended June 30, 2025, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This Statement provides recognition and measurement guidance for all types of compensated absences, including sick leave and vacation leave. GASB 101 requires that compensated absences be recognized as a liability when the sick leave is more likely than not to be used as paid leave.

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Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

(8) Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 68,280	\$	\$	\$ 68,280
Total capital assets, not being depreciated	<u>68,280</u>			<u>68,280</u>
Capital assets, being depreciated				
Buildings	272,925			272,925
Improvements other than buildings	111,132	27,524		138,656
Vehicles	191,343			191,343
Equipment - office and other	95,276	8,759		104,035
Playground and ball equipment	43,114			43,114
Total capital assets, being depreciated	<u>713,790</u>	<u>36,283</u>		<u>750,073</u>
Less accumulated depreciation for:				
Buildings	(127,270)	(6,823)		(134,093)
Improvements other than buildings	(71,343)	(4,289)		(75,632)
Vehicles	(135,212)	(13,641)		(148,853)
Equipment - office and other	(61,964)	(8,752)		(70,716)
Playground and ball equipment	(17,267)	(2,706)		(19,973)
Total accumulated depreciation	<u>(413,056)</u>	<u>(36,211)</u>		<u>(449,267)</u>
Total capital assets being depreciated, net	<u>300,734</u>	<u>72</u>		<u>300,806</u>
Leased assets				
Equipment	10,576			10,576
Total leased assets, being amortized	<u>10,576</u>			<u>10,576</u>
Less Accumulated amortization for:				
Leased equipment	(4,364)	(2,014)		(6,378)
Total accumulated amortization-leased equipment	<u>(4,364)</u>	<u>(2,014)</u>		<u>(6,378)</u>
Total lease assets being amortized, net	<u>6,212</u>	<u>(2,014)</u>		<u>4,198</u>
Subscription-based information technology arrangement assets (SBITA)				
Subscription-based information technology arrangements	31,004			31,004
Total subscription-based information technology arrangements, being amortized	<u>31,004</u>			<u>31,004</u>
Less accumulated amortization for:				
Subscription-based information technology arrangements	(18,603)	(6,201)		(24,804)
Total accumulated amortization-subscription-based information technology arrangements	<u>(18,603)</u>	<u>(6,201)</u>		<u>(24,804)</u>
Total subscription-based information technology arrangement assets being amortized, net	<u>12,401</u>	<u>(6,201)</u>		<u>6,200</u>
Total capital assets/lease assets/SBITA, being depreciated/amortized, net	<u>319,347</u>	<u>(8,143)</u>		<u>311,204</u>
Governmental activities capital assets, net	<u>\$ 387,627</u>	<u>\$ (8,143)</u>	<u>\$</u>	<u>\$ 379,484</u>

(Continued)

Town of Sarepta
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Notes to the Financial Statements
June 30, 2025
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 9,000	\$	\$	\$ 9,000
Total capital assets, not being depreciated	9,000			9,000
Capital assets, being depreciated				
Sewer system	2,089,696			2,089,696
Equipment	43,093			43,093
Vehicles	29,190			29,190
Total capital assets, being depreciated	2,161,979			2,161,979
Less accumulated depreciation for:				
Sewer system	(1,736,644)	(47,282)		(1,783,926)
Equipment	(39,384)	(408)		(39,792)
Vehicles	(29,190)	(2,210)		(31,400)
Total accumulated depreciation	(1,805,218)	(49,900)		(1,855,118)
Total capital assets being depreciated, net	356,761	(49,900)		306,861
Business-type activities capital assets, net	\$ 365,761	\$ (49,900)	\$	\$ 315,861

Depreciation/amortization expense for the year ended June 30, 2025 was charged as follows:

Governmental activities:	
General	\$ 13,125
Public safety	20,700
Public works	2,466
Parks and recreation	8,135
Total	<u>\$ 44,426</u>
Business-Type activities	
Sewer	\$ 49,900
Total	<u>\$ 49,900</u>

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

(9) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Subscription-based information technology arrangement	\$ 18,565	\$	\$ 6,230	\$ 12,335	\$ 12,335
Compensated absences	4,162	1,298		5,460	1,573
Net pension liability	291,466		156,753	134,713	
Lease - copier	<u>6,527</u>		<u>2,013</u>	<u>4,514</u>	<u>2,111</u>
Total – Governmental Activities long-term liabilities	<u>\$ 320,720</u>	<u>\$ 1,298</u>	<u>\$ 164,996</u>	157,022	16,019
Less amounts due within period of availability				<u>(544)</u>	<u>(544)</u>
Total long-term liabilities governmental activities				<u>\$ 156,478</u>	<u>\$ 15,475</u>
Business-type Activities:					
Direct borrowings and Direct placements:					
2001 Sewer Revenue Bonds	\$ 194,542	\$	\$ 20,313	\$ 174,229	\$ 21,302
Compensated absences	<u>3,604</u>	<u>340</u>		<u>3,944</u>	<u>782</u>
Total Business-type activities long-term liabilities	<u>\$ 198,146</u>	<u>\$ 340</u>	<u>\$ 20,313</u>	178,173	22,084
Less portion due within one year				<u>(782)</u>	<u>(782)</u>
Total long term liabilities, business-type activities				<u>\$ 177,391</u>	<u>\$ 21,302</u>

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

Sewer Revenue Bonds – Series 2001

\$516,000 dated 08/20/2000. Due in monthly installments of principal and monthly installments of interest through July 2032; interest at 4.75%. Payable from income and revenues derived from the sewer system.

\$ 174,229

Business-type Activities – Sewer Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 21,302	\$ 7,811
2027	22,336	6,776
2028	23,420	5,692
2029	24,557	4,555
2030	25,749	3,363
2031 – 2032	56,865	2,914
	<u>\$ 174,229</u>	<u>\$ 31,111</u>

Lease - Copier

During 2022, the Town entered into a lease agreement to lease a copier. The equipment is included in governmental activities capital assets at a cost of \$10,576, with accumulated amortization totaling \$6,378 as of June 30, 2025. Interest has been imputed at a rate of 4.75%, and the Town will make monthly payments through August 2027. The future lease payments under lease agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 2,111	\$ 169
2027	2,214	66
2028	189	1
	<u>\$ 4,514</u>	<u>\$ 236</u>

Subscription-Based Information Technology Arrangement

During 2022, the Town entered into a subscription-based information technology agreement (SBITA) related to certain equipment and related software for public safety. The total cost of the Town's subscription assets are recorded at \$31,004, less accumulated amortization of \$24,804 as of June 30, 2025. The future subscription payments under SBITA agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 12,335	\$ 1,888

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2025
(Continued)

(10) On-Behalf Payments

During the fiscal year ended June 30, 2025, qualified employees of the Town received supplemental pay from the State of Louisiana. The Town has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$7,200 for the year ended June 30, 2025.

(11) Retirement

Certain police officers are members of the Municipal Police Employees Retirement System. Certain municipal employees participate in the Town's Simple IRA. All employees of the Town of Sarepta are covered by the Federal Social Security System. Pertinent information relative to each plan follows:

Municipal Police Employee's Retirement System

The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer plan administered by a separate board of trustees. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana, 70809.

Plan Description

Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013

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

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to Financial Statements
June 30, 2025
(Continued)

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 (generally) 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. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

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 and earn interest at the money market rate.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to Financial Statements
June 30, 2025
(Continued)

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. Statutes should be read for more detail on eligibility and benefit provisions.

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, 2024, total contributions due from employers and employees was 43.925%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.925% and 10%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 33.92% and 8%, respectively. The Town contributions to the System for the years ended June 30, 2025, 2024, and 2023 were \$17,569, \$17,782, and \$14,706, respectively. Included in contributions for the year ended June 30, 2025, are contributions for the month of June 2025 in the amount of \$1,262, which were paid in July 2025.

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 totaling \$3,868 are recognized as revenue during the year ended June 30, 2025 and excluded from pension expense.

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

At June 30, 2025, the Town reported a liability of \$134,713 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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 the employer's contributions to the System during the year ended June 30, 2024, as compared to the total of all employers' contributions to the System for the year ended June 30, 2024. At June 30, 2024, the Town's proportion was .0148690%, which was a decrease of .01272% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$50,548, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, (\$28).

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to Financial Statements
June 30, 2025
(Continued)

At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,294	\$ 4,075
Net difference between projected and actual earnings on pension plan investments	3,745	
Changes in proportion and differences between employer contributions and proportionate share of contributions	90,148	81,163
Employer contributions subsequent to the measurement Date	17,569	
Total	\$ 118,756	\$ 85,238

The Town reported a total of \$17,569 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2024, which will be recognized as a reduction in net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year	Amount
2025	\$ 28,323
2026	21,603
2027	(31,617)
2028	(2,360)
	\$ 15,949

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2024 valuation were based on the assumptions used in the June 30, 2024 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. 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, 2024 are as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.75%, net of investment
Expected Remaining Service Lives	2024 – 4 years 2023 – 4 years 2022 – 4 years 2021 – 4 years
Inflation Rate	2.50%

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to Financial Statements
June 30, 2025
(Continued)

	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1-2	12.30%
	Above 2	4.70%

Mortality

For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

Cost-of-Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study for the period of July 1, 2014 through June 30, 2019. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	52.00%	3.14%
Fixed income	34.00%	1.07%
Alternative	14.00%	1.03%
Totals	<u>100.00%</u>	<u>5.24%</u>
Inflation		<u>2.62%</u>
Expected Arithmetic Nominal Return		<u>7.86%</u>

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to Financial Statements
June 30, 2025
(Continued)

The discount rate used to measure the total pension liability was 6.750%. 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 net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate as of June 30, 2024.

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount	Increase
	5.750%	6.750%	7.750%
Net Pension Liability	\$ 200,112	\$ 134,713	\$ 80,117

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2024 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.

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 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.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to Financial Statements
June 30, 2025
(Continued)

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.

Pension Plans Fiduciary Net Positions

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2024. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

(12) Interfund Balances

Interfund balances at June 30, 2025, consisted of the following:

	Due From Other Fund	Due To Other Fund	Net
Governmental Funds:			
General Fund	\$ 10,000	\$	\$ 10,000
Total Governmental Funds	10,000		10,000
Enterprise Funds:			
Enterprise Fund	_____	(10,000)	(10,000)
Total Enterprise Funds	_____	(10,000)	(10,000)
Total	\$ 10,000	\$(10,000)	\$ _____

(13) 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; injuries to employees; and natural disasters. The Town attempts to minimize risk from significant losses through the purchase of insurance.

(14) Subsequent Events

In August of 2025, the Town purchased lights for ball fields, which cost approximately \$24,709 and was paid for by a grant from the Public Service Commission.

Subsequent events have been evaluated through December 22, 2025, the date the financial statements were available to be issued.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to Financial Statements
June 30, 2025
(Continued)

(15) Prior Period Restatement

Net position / fund balance at June 30, 2024, were restated to correct the recognition of compensated absences liability as follows:

	<u>General Fund</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Total Fund Balance/Net Position, June 30, 2024 as previously reported	\$ 337,300	\$ 627,723	\$ 293,762
Compensated absences - sick leave	<u>(270)</u>	<u>(4,162)</u>	<u>(3,604)</u>
Total Fund Balance/Net Position, as restated	<u>\$ 337,030</u>	<u>\$ 623,561</u>	<u>\$ 290,158</u>

As a result of implementing GASB 101, Compensated Absences, the beginning fund balance and net position of the governmental activities and business-type activities was restated to reflect the cumulative effect of applying this new standard.

Town of Sarepta
Sarepta, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues				
Ad valorem	\$ 90,000	\$ 90,665	\$ 90,665	\$
Sales tax	99,000	123,486	123,486	
Franchise tax	40,800	39,975	39,975	
Licenses and permits	32,075	36,506	36,506	
Intergovernmental revenues	26,180	26,229	35,776	9,547
Ball park	20,500	29,296	29,296	
Fines and forfeitures	100,000	89,080	89,080	
Investment earnings			2,371	2,371
Miscellaneous	3,150	4,391	4,391	
Total revenues	<u>411,705</u>	<u>439,628</u>	<u>451,546</u>	<u>11,918</u>
Expenditures				
General government	209,455	216,855	249,724	(32,869)
Public safety	152,750	170,803	169,845	958
Public works	24,000	48,024	48,024	
Parks and recreation	25,500	44,706	22,980	21,726
Total expenditures	<u>411,705</u>	<u>480,388</u>	<u>490,573</u>	<u>(10,185)</u>
Net change in fund balance		(40,760)	(39,027)	1,733
Fund balance, beginning of year	<u>325,000</u>	<u>349,714</u>	<u>319,187</u>	<u>(30,527)</u>
Fund balance, end of year	<u>\$ 325,000</u>	<u>\$ 308,954</u>	<u>\$ 280,160</u>	<u>\$ (28,794)</u>

Town of Sarepta
Sarepta, Louisiana
Notes to Required Supplementary Information
June 30, 2025

The Town's budget is adopted on a cash basis for all funds. There was one amendment to the 2025 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	General Fund
Deficit of revenues and other sources over expenditures and other uses (budget basis)	\$(39,027)
Adjustments:	
Revenue accruals – net	10,404
Expenditure accruals – net	(1,533)
Deficit of revenues and other sources over expenditures and other uses (GAAP) basis	\$(30,156)

Town of Sarepta
Sarepta, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2025

Municipal Police Employees' Retirement System

Year Ended June 30	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.014869%	\$ 134,713	\$ 52,417	257.00%	75.84%
2024	0.027588%	291,466	47,058	619.38%	71.30%
2023	0.010189%	104,150	31,456	331.10%	70.80%
2022	0.000000%			n/a	84.09%
2021	0.000000%			n/a	70.94%
2020	0.000000%			n/a	71.01%
2019	0.000000%			n/a	71.89%
2018	0.502400%	43,862		n/a	70.08%
2017	0.01071%	100,383	15,000	669.22%	66.04%
2016	0.01210%	94,799	32,000	296.25%	70.73%

*Amounts presented were determined as of the measurement date (fiscal year ended June 30).

Town of Sarepta
Sarepta, Louisiana
Schedule of Contributions
For the Year Ended June 30, 2025

Municipal Police Employees' Retirement System

Year Ended June 30	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 17,569	\$ 17,569	\$	\$ 49,351	35.60%
2024	17,782	17,782		52,417	33.92%
2023	14,706	14,706		47,058	31.25%
2022	9,848	9,848		31,456	31.31%
2021					n/a
2020					n/a
2019					n/a
2018					n/a
2017	4,762	4,762		15,000	31.75%
2016	8,850	8,850		30,000	29.50%

*Amounts presented were determined as of the end of the fiscal year (June 30).

Town of Sarepta
Sarepta, Louisiana
Schedule of Compensation Paid to Board of Aldermen and Mayor
For the Year Ended June 30, 2025

Mayor - Peggy Adkins, Salary and Allowance	\$ 15,600
Alderman:	
Michael Corley	1,225
John Hamilton	625
Jason Martin	625
John Smith	100
Nelda Hines	1,225
Madison Lay	1,225
David Neal	600
	<hr/>
	\$ 21,225
	<hr/> <hr/>

Town of Sarepta
Sarepta, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2025

Purpose	<u>Amount</u>
Agency Head: Peggy Adkins, Mayor	
Salary	\$ 15,600
Travel	764

Town of Sarepta
Sarepta, Louisiana
Schedule of Insurance
For the Year Ended June 30, 2025

Coverage	Inception Date	Expiration Date	Limits of Liability		Deductible Amount
<u>Commercial General Liability</u>	7/15/2024	7/15/2025			\$
Premises Operations			\$ 500,000	Per Occurrence	
Products Completed Operations			\$ 500,000	Per Occurrence	
Fire Legal Liability			\$ 50,000	Per Occurrence	
Medical Payments			\$ 1,000	Per Person	
			\$ 10,000	Per Accident	
 <u>Law Enforcement Liability</u>	 7/15/2024	 7/15/2025	 \$ 500,000	 CSL	 \$ 1,000
<u>Errors and Omissions</u>	7/15/2024	7/15/2025	\$ 500,000	CSL	\$ 1,000
<u>Automobile Liability</u>	7/15/2024	7/15/2025	\$ 500,000	CSL	\$
<u>Auto Physical Damage</u>	7/15/2024	7/15/2025	\$ 1,500,000	Per Occurrence	\$ 1,000
<u>Employee Theft</u>	1/13/2024	1/13/2025	\$ 50,000	Per Occurrence	\$ 1,000
	1/13/2025	1/13/2026			
<u>Property and Contents</u>	7/15/2024	7/15/2025	\$ 87,900	Per Schedule	\$ 1,000
Commercial Equipment			\$ 1,047,000	Buildings as per	\$ 1,000
Real Property				scheduled property value	

Town of Sarepta
Sarepta, Louisiana
Schedule of Sewer Rates
For the Year Ended June 30, 2025

	<u>Usage</u>	<u>Flat Fee</u>
Residential	Not applicable	\$ 40.00 per month
Commercial	Not applicable	\$ 65.00 per month

Town of Sarepta
Justice System Funding Schedule - Collecting/Disbursing Schedule
Cash Basis Presentation
As Required by La. R.S. 24:515.2

	Amount for 07/01/2024 - 12/31/2024	Amount for 01/01/2025 - 06/30/2025
1. Beginning Cash Balance	2,030	933
2. Collections		
a. Civil Fees	-	-
b. Bond Fees	-	-
c. Cash Bonds	-	-
d. Asset Forfeiture/Sale	-	-
e. Pre-Trial Diversion Program Fees	-	-
f. Criminal Court Costs/Fees	7,603	5,030
g. Criminal Fines – Contempt	-	-
h. Criminal Fines – Other/Non-Contempt	46,021	30,426
i. Restitution	-	-
j. Probation/Parole/Supervision Fees	-	-
k. Service Fees	-	-
l. Collection Fees	-	-
m. Interest Earnings on Collected Balances	-	-
n. Other	-	-
Total Collected	53,624	35,456
3. Deductions: Collections Retained by the Town of Sarepta		
I. Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
II. Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
III. Other Amounts "Self-Disbursed" (Enter amounts on appropriate collection type lines)		
a. Civil Fees	-	-
b. Bond Fees	-	-
c. Cash Bonds	-	-
d. Asset Forfeiture/Sale	-	-
e. Pre-Trial Diversion Program Fees	-	-
f. Criminal Court Costs/Fees	-	-
g. Criminal Fines – Contempt	-	-
h. Criminal Fines – Other/Non-Contempt	46,021	30,426
i. Restitution	-	-
j. Probation/Parole/Supervision Fees	-	-
k. Service Fees	-	-
l. Collection Fees (excluding amounts reported in bullets I and II above)	-	-
m. Interest Earnings on Collected Balances	-	-
n. Other	-	-
Total Collections Retained by the Town of Sarepta	46,021	30,426
4. Deductions: Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofits		
a. Collection/Processing Fees Paid to Third Party Entities	-	-
b. Civil Fee Refunds	-	-
c. Bond Refunds	-	-
d. Restitution Disbursements to Individuals and Entities, Excluding Governments or a Nonprofit	-	-
e. Other Disbursements to Individuals and Entities, Excluding Governments or a Nonprofit	-	-
Total Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofits	-	-
5. Deductions: Total Disbursements to Other Governments & Nonprofits	8,700	5,410
6. Total Amounts Disbursed/Retained	54,721	35,836
7. Ending Cash Balance	933	553
8. Ending Balance of "Partial Payments" Collected but not Disbursed	-	-
9. Other Information:		
I. Ending Balance of Amounts Assessed but Not Yet Collected [i.e. total ending receivable balances]	-	-
II. Total Waivers During the Fiscal Period [i.e. non-cash reduction of receivable balances, such as time served or community service]	-	-

Town of Sarepta

Justice System Funding Schedule - Disbursements to Other Governments & Nonprofits Form

Cash Basis Presentation

As Required by La. R.S. 24:515.2

5. Details of Disbursements To Other Governments & Nonprofits (Do not include amounts retained by your entity in this table.)

Agency Receiving Money	Disbursement Description [Fund, Program, etc.] (Optional)	Legal Authority to Disburse Money	Disbursement Type	Amount for 07/01/2024 - 12/31/2024	Amount for 01/01/2025 - 06/30/2025
Criminalistics Laboratory North Louisiana	§2266.1.1. Fees and costs of court	R.S. 40:2266.1.1	f. Criminal Court Costs/Fees	6,740	4,220
LA Commission on Law Enforcement and Administration of Criminal Justice	§1816. Crime Victims Reparations Fund; creation; sources and use of funds	R.S. 46:1816(D)	f. Criminal Court Costs/Fees	449	263
Supreme Court	§86. Judicial College; education account; sources of funds	R.S. 13:86	f. Criminal Court Costs/Fees	115	67
Louisiana Department of Health	§2633. Traumatic Head and Spinal Cord Injury Trust Fund	R.S. 46:2633	f. Criminal Court Costs/Fees	860	420
City of Springhill	§1898. Collection and disposition of fines; forfeitures; penalties; and costs	R.S. 13:1898	f. Criminal Court Costs/Fees	300	300
Department of the Treasury	Art. 887. Defendant's liability for costs; suspension of costs; no advance costs	CCRP 887 (F)(1)	f. Criminal Court Costs/Fees	236	140

COOK & MOREHART

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Town of Sarepta, Louisiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Sarepta's basic financial statements, and have issued our report thereon dated December 22, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Current Year Audit Findings as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

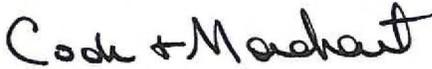
As part of obtaining reasonable assurance about whether Town of Sarepta's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Sarepta's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Sarepta's response to the findings identified in our audit and described in the accompanying schedule of current year audit findings. The Town of Sarepta's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
December 22, 2025

Town of Sarepta
Sarepta, Louisiana
Summary Schedule of Prior Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2025

There was one findings for the prior audit for the year ended June 30, 2024, as described below:

2024-001 Significant Deficiency – Utility Fund Accounts Receivable

Significant Deficiency: During our audit, we noted that the town clerk can take payments and make deposits and is also responsible for reconciling the accounts receivable for utility fund collections to the underlying subsidiary ledgers/reports. Although the Town does have someone independent of the collection process review and approve daily deposits, that review does not encompass a reconciliation of the accounts receivable per the utility fund billing software to the general ledger. In addition, the customer deposit liability balances per the subsidiary software were not reconciled to the general ledger during the year.

Recommendation: Due to the lack of segregation of duties in regards to collections, it may not be cost effective or practical to correct the finding.

Current Status: See finding in current year.

Town of Sarepta
Sarepta, Louisiana
Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2025

There is one finding for the current year audit ended June 30, 2025, as described below:

2025-001 Significant Deficiency – Utility Fund Accounts Receivable

Significant Deficiency: During our audit, we noted that the town clerk can take payments and make deposits and is also responsible for reconciling the accounts receivable for utility fund collections to the underlying subsidiary ledgers/reports. Although the Town does have someone independent of the collection process review and approve daily deposits, that review does not encompass a reconciliation of the accounts receivable per the utility fund billing software to the general ledger. In addition, the customer deposit liability balances per the subsidiary software were not reconciled to the general ledger during the year.

Criteria: Appropriate controls should be in place over customer deposit liability balances and collections, to include a proper segregation of duties.

Cause: The Town has limited staffing with regards to the collection process, which causes a lack of segregation of duties.

Effect: Errors could occur and not be detected with regards to utility fund accounts receivable and customer deposit liability.

Recommendation: Due to the lack of segregation of duties in regards to collections, it may not be cost effective or practical to correct the finding.

Views of Responsible Officials and Planned Corrective Actions: The Town will establish controls over utility fund customer liability accounts and reconcile the customer deposit liability to the general ledger on a monthly basis. Daily deposits are currently being reviewed and approved by another individual who is independent of the collection process. Additional controls will be considered where possible, but due to the Town of Sarepta being a small town with limited funds, it may not be feasible to cure the deficiency.

Name of Contact Person: Peggy Adkins, Mayor

COOK & MOREHART

Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Alderman
Town of Sarepta
Sarepta, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. The Town of Sarepta's management is responsible for those C/C areas identified in the SAUPs.

Town of Sarepta has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledges that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

Testing not required for this area for the fiscal period July 1, 2024 through June 30, 2025, due to no exceptions being noted in prior year.

2) *Board or Finance Committee*

Testing not required for this area for the fiscal period July 1, 2024 through June 30, 2025, due to no exceptions being noted in prior year.

3) *Bank Reconciliations*

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

1. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
2. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
3. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures performed. Noted the following exception:

Exception: One account selected for testing had a total of 5 checks totaling \$2,748, that have been outstanding for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds transfers)

Testing not required for this area for the fiscal period July 1, 2024 through June 30, 2025, due to no exceptions being noted in prior year.

5) Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 1. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

2. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedures performed. Noted the following exception:

Exception: The employee responsible for processing payments can also add/modify vendor files as needed.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

Testing not required for this area for the fiscal period July 1, 2024 through June 30, 2025, due to no exceptions being noted in prior year.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

Testing not required for this area for the fiscal period July 1, 2024 through June 30, 2025, due to no exceptions being noted in prior year.

8) Contracts

Testing not required for this area for the fiscal period July 1, 2024 through June 30, 2025, due to no exceptions being noted in prior year.

9) Payroll and Personnel

Testing not required for this area for the fiscal period July 1, 2024 through June 30, 2025, due to no exceptions being noted in prior year.

10) Ethics

Testing not required for this area for the fiscal period July 1, 2024 through June 30, 2025, due to no exceptions being noted in prior year.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree

actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Procedures performed. Noted the following exception:

Exception: The contingency fund monthly transfer of \$243 was not made during the year.

12) Fraud Notice

Testing not required for this area for the fiscal period July 1, 2024 through June 30, 2025, due to no exceptions being noted in prior year.

13) Information Technology Disaster Recovery/Business Continuity

Testing not required in year 2.

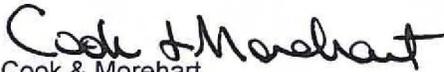
14) Prevention of Sexual Harassment

Testing not required for this area for the fiscal period July 1, 2024 through June 30, 2025, due to no exceptions being noted in prior year.

We were engaged by Town of Sarepta, to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Cook & Morehart
Certified Public Accountants
December 22, 2025

Mayor
Peggy Adkins

Aldermen
John Hamilton
Claire Tyler Lay
Michael A. Corley
Nelda Hines
Jason Martin

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Police Chief
Mike McCullen

Clerk
Elizabeth Simmons

December 22, 2025

Cook & Morehart, CPAs
1215 Hawn Ave
Shreveport, LA 71107

Town of Sarepta submits the following response to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended June 30, 2025:

Exception: One account selected for testing had a total of 5 checks totaling \$2,748, that have been outstanding for more than 12 months from the statement closing date.

Response: Management will review items outstanding for more than 12 months from the statement date.

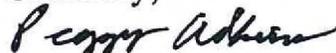
Exceptions: The employee responsible for processing payments can also add/modify vendor files as needed.

Response: Due to the size of the Town, workload involved, and limited funds, it may not be feasible to provide additional segregation of duties in this area. All payments are approved by management.

Exception: The contingency fund monthly transfer of \$243 was not made during the year.

Response: The Town will implement procedures to ensure the contingency fund is funded correctly.

Sincerely,



Peggy Adkins
Mayor