
Town of Sarepta, Louisiana
Financial Statements
As of and for the Year Ended June 30, 2022

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, 2022, 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, 2022, 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 34-35, the Schedule of Proportionate Share of Net Pension Liability on page 36, and the Schedule of Contributions on page 37 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.

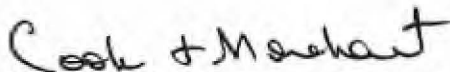
Supplementary Information

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 38 – 41 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 page 42, 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 GAAS. 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 page 42, 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 28 2022, on our consideration of the Town of Sarepta, Louisiana'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 28, 2022

Town of Sarepta
Sarepta, Louisiana
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 305,104	\$ 41,762	\$ 346,866
Investments	57,692	41,652	99,344
Receivables	52,741	11,896	64,637
Restricted cash		82,772	82,772
Capital assets, not being depreciated	68,280	9,000	77,280
Capital assets, net	334,971	459,481	794,452
Total Assets	818,788	646,563	1,465,351
Deferred outflows of resources			
Pension related	9,359		9,359
Liabilities			
Accounts payable and accrued expenses	33,832		33,832
Payable from restricted assets:			
Customer deposits		24,443	24,443
Unearned revenue		12,948	12,948
Non-current liabilities:			
Due within one year	7,779	18,478	26,257
Due in more than one year	27,013	213,917	240,930
Total liabilities	68,624	269,786	338,410
Net Position			
Net investment in capital assets	360,505	236,087	596,592
Restricted for debt service		58,329	58,329
Unrestricted	399,018	82,361	481,379
Total net position	\$ 759,523	\$ 376,777	\$ 1,136,300

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs:	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 193,862	\$ 41,881	\$ 19,858	\$ 2,765	\$ (129,358)	\$	\$ (129,358)
Public safety	189,349	101,642		6,500	(81,207)		(81,207)
Public works	12,050				(12,050)		(12,050)
Parks and recreation	19,468	12,746		9,300	2,578		2,578
Total governmental activities	414,729	156,269	19,858	18,565	(220,037)		(220,037)
Business-type activities							
Sewer	339,779	156,020		140,050		(43,709)	(43,709)
Total business-type activities	339,779	156,020		140,050		(43,709)	(43,709)
Total government	\$ 754,508	\$ 312,289	\$ 19,858	\$ 158,615	(220,037)	(43,709)	(263,746)
General revenues:							
					80,692		80,692
					119,704		119,704
					46,902		46,902
					579	173	752
					4,573		4,573
					252,450	173	252,623
					32,413	(43,536)	(11,123)
					727,110	420,313	1,147,423
					\$ 759,523	\$ 376,777	\$ 1,136,300

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Balance Sheet
Governmental Fund
June 30, 2022

Assets	<u>General</u>
Cash	\$ 305,104
Investments	57,692
Receivables	<u>52,741</u>
Total Assets	<u>\$ 415,537</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable and accrued expenses	\$ 33,832
Total Liabilities	<u>33,832</u>
Fund balance:	
Unassigned	<u>381,705</u>
Total Fund Balance	<u>381,705</u>
Total Liabilities and Fund Balances	<u>\$ 415,537</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, 2022

Fund Balance - Governmental Fund	\$ 381,705
Amounts reported for government activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	403,251
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds.	
Deferred outflows - pension related	9,359
Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds	
Lease assets	(10,279)
Subscription-based information technology agreements	<u>(24,513)</u>
Net Position of Governmental Activities	<u>\$ 759,523</u>

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, 2022

Revenues:	<u>General</u>
Taxes	
Ad Valorem	\$ 80,692
Sales tax	119,704
Franchise tax	46,902
Licenses and permits	41,881
Fines and forfeitures	101,642
Intergovernmental revenues	29,123
Parks and recreation	22,046
Interest	579
Other	4,572
Total revenues	<u>447,141</u>
 Expenditures:	
Current	
General government	184,510
Public safety	179,543
Public works	8,521
Parks and recreation	12,947
Debt Service:	
Principle payments	6,789
Interest and other charges	704
Capital outlay	57,487
Total expenditures	<u>450,501</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(3,360)</u>
 Other financing sources:	
Subscription-based information technolgy agreement proceeds	31,005
Lease proceeds	10,576
Total other financing sources	<u>41,581</u>
 Net change in fund balance	 38,221
 Fund balance, beginning of year, restated	 <u>343,484</u>
 Fund balance, end of year	 <u>\$ 381,705</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, 2022

Net change in fund balance - governmental fund	\$	38,221
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Amounts reported for governmental activities in the Statement of Activities are different because:

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 capital outlays \$(57,487) exceed depreciation/amortization \$(47,579) in the current period.		9,908
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The repayment of principle of long-term liabilities consumes current financial resources of governmental funds.		6,789
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Subscription-based information technology agreement proceeds		(31,005)
Lease proceeds		(10,576)

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.

Pension expense		19,076
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Change in Net Position of Governmental Activities	\$	32,413
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See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2022

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Sewer Fund</u>
Assets	
Current assets	
Cash	\$ 41,762
Restricted cash	24,443
Investments	41,652
Receivables	11,896
Total current assets	<u>119,753</u>
Noncurrent assets	
Restricted cash	58,329
Capital assets:	
Land	9,000
Vehicles	29,190
Plant and equipment	2,132,789
Less: accumulated depreciation	(1,702,498)
Total noncurrent assets	<u>526,810</u>
Total assets	<u>646,563</u>
Liabilities	
Current liabilities	
Payable from restricted assets:	
Customer deposits	24,443
Revenue bonds	18,478
Unearned revenue	12,948
Total current liabilities	<u>55,869</u>
Non-current liabilities	
Revenue bonds	<u>213,917</u>
Total Liabilities	<u>269,786</u>
Net position	
Net investment in capital assets	236,087
Restricted for debt service	58,329
Unrestricted	82,361
Total net position	<u><u>\$ 376,777</u></u>

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, 2022

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Sewer Fund</u>
Operating Revenues	
Charges for services	
Sewer charges	\$ 156,020
Total operating revenues	<u>156,020</u>
Operating Expenses	
Salaries and benefits	43,068
Chemicals and supplies	55,153
Office expense	2,621
Utilities	17,920
Repair and maintenance	131,891
Depreciation	72,463
Miscellaneous	5,171
Total operating expenses	<u>328,287</u>
Operating income (loss)	<u>(172,267)</u>
Non-Operating Revenues (Expenses)	
Interest expense	(11,492)
Interest income	173
Intergovernmental revenue	140,050
Total non-operating revenues (expenses)	<u>128,731</u>
Change in net position	(43,536)
Total net position, beginning of year	<u>420,313</u>
Total net position, end of year	<u><u>\$ 376,777</u></u>

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, 2022

	Business-Type Activities Enterprise Fund Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 167,605
Payments to employees for services	(43,068)
Payments to suppliers	(225,264)
Net cash (used in) operating activities	<u>(100,727)</u>
Cash Flows from Capital and Related Financing Activities	
Grant income	12,948
Payment made on long-term debt	(17,621)
Interest paid on capital debt	(11,491)
Net cash (used in) capital and related financing activities	<u>(16,164)</u>
Cash Flows from Non-Capital Financing Activities:	
Intergovernmental revenue	140,050
Net cash provided by investing activities	<u>140,050</u>
Cash Flows from Investing Activities:	
Interest income	173
Net cash provided by investing activities	<u>173</u>
Net increase in cash	23,332
Cash, beginning of year	<u>101,202</u>
Cash, end of year	<u><u>\$ 124,534</u></u>
Cash is reflected on the statement of net position as follows:	
Cash	\$ 41,762
Restricted cash	82,772
Total	<u><u>\$ 124,534</u></u>
Reconciliation of Operating Income(loss) to Net Cash Provided (used) by Operating Activities:	
Operating income (loss)	\$ (172,267)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation expense	72,463
(Increase) decrease in receivables	(3,631)
Increase (decrease) in customer deposits	2,708
Net cash (used) in operating activities	<u><u>\$ (100,727)</u></u>

See accompanying notes to the basic financial statements.

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2022

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, 2022
(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, 2022
(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, 2022
(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.

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Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
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(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, 2022, 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, 2022, 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.

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Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2022
(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 \$11,341.

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 does not have any deferred inflows of resources at this time.

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Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2022
(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. Upon retirement or termination, employees are not paid for any unused sick leave.

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Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

P. Pension Plan

The Town is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plan as described in Note 12. 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.

(2) New Accounting Principles

In June, 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*, which increased the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows and resources or outflows or resources based on the payment provisions of the contract. The Statement establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The Town implemented this Statement in the current year, with no changes to the prior net position as a result of this implementation.

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Town of Sarepta
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Notes to the Financial Statements
June 30, 2022
(Continued)

GASB has also issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. Under the Statement, governments generally will recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. The requirements of the Statement are effective for fiscal years beginning after June 15, 2022. The Town implemented this Statement in the current year, with no changes to the prior net position as a result of the implementation.

(3) 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, 2022. There were three budget amendments made to the original budget.

(4) Cash, Cash Equivalents, and Investments

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2022 (book balances) totaled \$429,638, of which \$82,772 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, 2022, the Town had investments totaling \$99,344 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, 2022, \$121,788 of the Town's bank balances totaling \$530,845 were exposed to custodial credit risk as follows:

(Continued)

Town of Sarepta
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Notes to the Financial Statements
June 30, 2022
(Continued)

Uninsured and collateral held by the pledging
bank's trust department not in the Town's name:
Cash and cash equivalents \$ 121,788

(5) Receivables

Receivables at June 30, 2022 are as follows:

Governmental activities:	
Sales and use taxes	\$ 10,149
Licenses and permits	11,631
Intergovernmental	19,858
Franchise	<u>11,103</u>
	<u>52,741</u>
Business-type activities:	
Water and sewer charges	<u>11,896</u>
	<u>11,896</u>
Total	<u><u>\$ 64,637</u></u>

(6) Accounts payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2022 consisted of the following:

	Governmental Activities
Accounts	\$ 7,954
Retirement payable	18,628
Salaries and payroll taxes	<u>7,250</u>
Total	<u><u>\$ 33,832</u></u>

(7) 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 2021 tax year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General	7.78	7.78	N/A
Sewer/streets/parks/recreation/police	13.84	13.84	2030

(Continued)

Town of Sarepta
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Notes to the Financial Statements
June 30, 2022
(Continued)

(8) Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2022 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	68,280			68,280
Capital assets, being depreciated				
Buildings	272,925			272,925
Improvements other than buildings	95,225	15,907		111,132
Vehicles	152,740			152,740
Equipment - office and other	79,341			79,341
Playground and ball equipment	43,114			43,114
Total capital assets, being depreciated	643,345	15,907		659,252
Less accumulated depreciation for:				
Buildings	(106,801)	(6,823)		(113,624)
Improvements other than buildings	(56,885)	(4,289)		(61,174)
Vehicles	(100,436)	(21,825)		(122,261)
Equipment - office and other	(44,094)	(5,949)		(50,043)
Playground and ball equipment	(10,066)	(2,156)		(12,222)
Total accumulated depreciation	(318,282)	(41,042)		(359,324)
Total capital assets being depreciated, net	325,063	(25,135)		299,928
Leased assets				
Equipment		10,576		10,576
Total leased assets, being amortized		10,576		10,576
Less Accumulated amortization for:				
Leased equipment		(336)		(336)
Total accumulated amortization-leased equipment		(336)		(336)
Total lease assets being amortized, net		10,240		10,240
Subscription-based information technology arrangement assets (SBITA)				
Subscription-based information technology arrangements		31,004		31,004
Total subscription-based information technology arrangements, being amortized		31,004		31,004
Less accumulated amortization for:				
Subscription-based information technology arrangements		(6,201)		(6,201)
Total accumulated amortization-subscription-based information technology arrangements		(6,201)		(6,201)
Total subscription-based information technology arrangement assets being amortized, net		24,803		24,803
Total capital assets/lease assets/SBITA, being depreciated/amortized, net	325,063	9,908		334,971
Governmental activities capital assets, net	\$ 393,343	\$ 9,908	\$	\$ 403,251

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Town of Sarepta
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Notes to the Financial Statements
June 30, 2022
(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	38,135		(8,945)	29,190
Total capital assets, being depreciated	2,170,924		(8,945)	2,161,979
Less accumulated depreciation for:				
Sewer system	(1,578,075)	(64,005)		(1,642,080)
Equipment	(33,737)	(2,620)		(36,357)
Vehicles	(27,168)	(5,838)	8,945	(24,061)
Total accumulated depreciation	(1,638,980)	(72,463)	8,945	(1,702,498)
Total capital assets being depreciated, net	531,944	(72,463)		459,481
Business-type activities capital assets, net	<u>\$ 540,944</u>	<u>\$ (72,463)</u>	<u>\$</u>	<u>\$ 468,481</u>

Depreciation/amortization expense for the year ended June 30, 2022 was charged as follows:

Governmental activities:

General	\$ 8,647
Public safety	28,883
Public works	3,529
Parks and recreation	6,520
Total	<u>\$ 47,579</u>

Business-Type activities

Sewer	\$ 72,463
Total	<u>\$ 72,463</u>

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Town of Sarepta
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Notes to the Financial Statements
June 30, 2022
(Continued)

(9) Restricted Assets

Restricted assets were applicable to the following at June 30, 2022:

	Enterprise Fund
Customer deposits	\$ 24,443
Debt service	58,329
Total	<u>\$ 82,772</u>

(10) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Subscription-based information technology arrangement	\$	\$ 31,005	\$ 6,492	\$ 24,513	\$ 5,948
Lease - copier	<u> </u>	<u>10,576</u>	<u>297</u>	<u>10,279</u>	<u>1,831</u>
Total long-term liabilities governmental activities	<u>\$</u>	<u>\$ 41,581</u>	<u>\$ 6,789</u>	<u>\$ 34,792</u>	<u>\$ 7,779</u>
Business-type Activities:					
Direct borrowings and Direct placements:					
2001 Sewer Revenue Bonds	\$ 250,015	<u>\$</u>	<u>\$ (17,620)</u>	<u>\$ 232,395</u>	<u>\$ 18,478</u>

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.

\$ 232,395

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Town of Sarepta
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Notes to the Financial Statements
June 30, 2022
(Continued)

Business-type Activities – Sewer Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 18,478	\$ 10,634
2024	19,375	9,737
2025	20,315	8,797
2026	21,301	7,811
2027	22,336	6,776
2028 – 2031	130,590	16,524
	<u>\$ 232,395</u>	<u>\$ 60,279</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 \$336 as of June 30, 2022. 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>
2023	\$ 1,831	\$ 449
2024	1,920	360
2025	2,013	267
2026	2,111	169
2027	2,214	65
2028	190	1
	<u>\$ 10,279</u>	<u>\$ 1,311</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 \$31,005, less accumulated amortization of \$6,201. The future subscription payments under SBITA agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 5,948	\$ 1,164
2024	6,230	882
2025	6,526	586
2026	5,809	1,302
	<u>\$ 24,513</u>	<u>\$ 3,934</u>

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

(11) On-Behalf Payments

During the fiscal year ended June 30, 2021, 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 \$6,500 for the year ended June 30, 2022.

(12) 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.

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Town of Sarepta
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Notes to Financial Statements
June 30, 2022
(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.

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Town of Sarepta
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June 30, 2022
(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, 2021, total contributions due from employers and employees was as follows:

	<u>Contribution Rates</u>		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
Members hired prior to 1/1/2013	10.00%	33.75%	43.75%
Hazardous Duty Members hired after 1/1/2013	10.00%	33.75%	43.75%
Non Hazardous Duty Members hired after 1/1/2013	8.00%	33.75%	41.75%
Members whose earnable compensation is less than the poverty guidelines	7.50%	36.25%	43.75%

The Town contributions to the System for the years ended June 30, 2022, 2021, and 2020 were \$9,848, \$0, and \$0, respectively.

Non-Employer Contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions totaling \$0 are recognized as revenue during the year ended June 30, 2022 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, 2022, the Town reported a liability of \$0 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2021, 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, 2021, as compared to the total of all employers' contributions to the System for the year ended June 30, 2021. At June 30, 2021, the Town's proportion was .0%.

For the year ended June 30, 2022, the Town recognized pension expense (benefit) of (\$19,076), plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$0.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to Financial Statements
June 30, 2022
(Continued)

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to the measurement date	\$ 9,359	\$
Total	<u>\$ 9,359</u>	<u>\$</u>

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

<u>Year</u>	<u>Amount</u>
2023	<u>\$ 9,359</u>

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 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, 2021 are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.750%, net of investment
Expected Remaining Service Lives	2021 – 4 years 2020 – 4 years 2019 – 4 years 2018 – 4 years
Inflation Rate	2.5%

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to Financial Statements
June 30, 2021
(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, 2021 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	55.50%	3.47%
Fixed income	30.50%	0.59%
Alternative	14.00%	1.01%
Totals	<u>100.00%</u>	<u>5.08%</u>
Inflation		<u>2.22%</u>
Expected Arithmetic Nominal Return		<u>7.30%</u>

(Continued)

Town of Sarepta
Sarepta, Louisiana
Notes to Financial Statements
June 30, 2022
(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, 2021.

	Changes in Discount Rate		
	1% Decrease 5.750%	Current Discount Rate 6.750%	1% Increase 7.750%
Net Pension Liability	\$ 0	\$ 0	\$ 0

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2021 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, 2022
(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, 2021. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.gov.

For the year ended June 30, 2022, the Town of Sarepta participated in a Savings Incentive Match Plan (Simple IRA). The amount contributed by the Town for the year ended June 30, 2022 was \$511.

(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

Subsequent events have been evaluated through December 28, 2022, the date the financial statements were available to be issued.

(15) Prior Period Restatement

Fund balance and net position at June 30, 2021, were restated to correct the revenue recognition of insurance license revenue to the proper period.

	<u>Fund Balance</u>	<u>Net Position</u>
Total Fund Balance/Net Position, June 30, 2021, as previously reported	\$ 330,730	\$ 714,356
Insurance License revenue	12,754	12,754
Total Net Position, June 30, 2021, Restated	<u>\$ 343,484</u>	<u>\$ 727,110</u>

(16) Unearned Revenue

Unearned revenue at June 30, 2022, consists of funds received under the Coronavirus State and Local Fiscal Recovery Funds which had not yet been used/expended. The Town plans to use those funds in the subsequent year.

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, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues				
Ad valorem	\$ 134,600	\$ 81,000	\$ 80,692	\$ (308)
Sales tax	95,000	112,000	118,463	6,463
Franchise tax	31,000	62,000	44,068	(17,932)
Licenses and permits	30,475	20,705	43,004	22,299
Intergovernmental revenues	5,180	8,765	9,265	500
Park concessions	12,000	15,300	22,045	6,745
Fines and forfeitures	70,000	95,000	101,641	6,641
Investment earnings			579	579
Miscellaneous	11,350	14,145	4,575	(9,570)
Total revenues	<u>389,605</u>	<u>408,915</u>	<u>424,332</u>	<u>15,417</u>
Expenditures				
General government	192,055	202,150	207,222	(5,072)
Public safety	143,500	140,584	160,925	(20,341)
Public works	13,000	25,000	8,521	16,479
Parks and recreation	29,650	35,237	12,949	22,288
Capital outlay	11,400	10,000	15,907	(5,907)
Total expenditures	<u>389,605</u>	<u>412,971</u>	<u>405,524</u>	<u>7,447</u>
 Net change in fund balance		(4,056)	18,808	22,864
 Fund balance, beginning of year	<u>325,000</u>	<u>349,491</u>	<u>336,738</u>	<u>(12,753)</u>
 Fund balance, end of year	<u>\$ 325,000</u>	<u>\$ 345,435</u>	<u>\$ 355,546</u>	<u>\$ 10,111</u>

Town of Sarepta
Sarepta, Louisiana
Notes to Required Supplementary Information
June 30, 2022

The Town's budget is adopted on a cash basis for all funds. There were three amendments to the 2022 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:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 18,808
Adjustments:	
Revenue accruals – net	64,390
Expenditure accruals – net	<u>(44,977)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$ 38,221</u>

Town of Sarepta
Sarepta, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2022

Municipal Police Employees' Retirement System

<u>Year Ended June 30</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
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%	66.00%
2016	0.01210%	94,799	32,000	296.25%	70.73%
2015	0.02172%	135,857	32,367	419.74%	75.10%

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

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Sarepta
Sarepta, Louisiana
Schedule of Contributions
For the Year Ended June 30, 2022

Municipal Police Employees' Retirement System

<u>Year Ended June 30</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
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%
2015	10,196	10,196		32,367	31.50%

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

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Sarepta
Sarepta, Louisiana
Schedule of Compensation Paid to Board of Aldermen and Mayor
For the Year Ended June 30, 2022

Mayor - Peggy Adkins, Salary and Allowance	\$ 14,400
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Alderman:

Michael Corley	1,125
John Smith	1,125
Nelda Hines	1,125
Madison Lay	1,125
David Neal	1,125
	<hr/>
	\$ 20,025
	<hr/> <hr/>

Town of Sarepta
Sarepta, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2022

Purpose	<u>Amount</u>
Agency Head: Peggy Adkins, Mayor	
Salary	\$ 14,400
Travel	432

Town of Sarepta
Sarepta, Louisiana
Schedule of Insurance
For the Year Ended June 30, 2022

Coverage	Inception Date	Expiration Date	Limits of Liability	Deductible Amount
<u>Commercial General Liability</u>	7/15/2021	7/15/2022		\$ 0
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>	7/15/2021	7/15/2022	\$ 500,000 CSL	\$ 1,000
<u>Errors and Omissions</u>	7/15/2021	7/15/2022	\$ 500,000 CSL	\$ 1,000
<u>Automobile Liability</u>	7/15/2021	7/15/2022	\$ 500,000 CSL	\$ 0
<u>Auto Physical Damage</u>	7/15/2021	7/15/2022	\$ 1,500,000 Per Occurrence	\$ 1,000
<u>Employee Theft</u>	1/13/2022	1/13/2023	\$ 50,000 Per Occurrence	\$ 1,000
<u>Property and Contents</u>	7/15/2021	7/15/2022		
Commercial Equipment			\$ 89,400 Per Schedule	\$ 1,000
Real Property			\$ 1,074,000 Buildings as per scheduled property value	\$ 1,000

Town of Sarepta
Sarepta, Louisiana
Schedule of Sewer Rates
For the Year Ended June 30, 2022

	<u>Usage</u>	<u>Flat Fee</u>
Residential - through December 2021	Not applicable	\$ 35.00 per month
Residential - effective January, 2022	Not applicable	\$ 36.00 per month
Commercial	Not applicable	\$ 60.00 per month

Town of Sarepta
Sarepta, Louisiana
Other Supplementary Information
Justice System Funding Schedule
Collecting/Disbursing Schedule
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended June 30, 2022

	July 2021 - December 2021	January 2022 - June 2022
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	<u>1,548</u>	<u>318</u>
Add: Collections		
Criminal Court Costs/Fees	5,280	9,833
Criminal Fines - Other	40,786	45,743
Subtotal Collections	<u>46,066</u>	<u>55,576</u>
Less: Disbursements to Governments and Nonprofits		
Springhill City Court - Criminal Court Costs/Fees	300	300
Louisiana Commission on Law Enforcement - Criminal Court Costs/Fees	347	405
North Louisiana Criminalistics Laboratory Commission - Criminal Court Costs/Fees	5,190	6,270
Louisiana Supreme Court - Criminal Court Costs/Fees	88	103
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Court Costs/Fees	725	920
State of Louisiana Treasurer - CMIS - Criminal Court Costs/Fees	178	193
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency - Criminal Fines - Other	40,468	46,011
Subtotal Disbursements/Retainage	<u>47,296</u>	<u>54,202</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>318</u>	<u>1,692</u>
Ending Balance of "Partial Payments" Collected but not Disbursed	<u>-</u>	<u>-</u>

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	<u>-</u>	<u>-</u>
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	<u>-</u>	<u>-</u>

COOK & MOREHART

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STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

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, 2022, 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 28, 2022.

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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of current year audit findings as items 2022-001 and 2022-002 that we consider to be a material weaknesses.

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

Cook & Morehart
Certified Public Accountants
December 28, 2022

Town of Sarepta
Sarepta, Louisiana
Summary Schedule of Prior Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2022

There were two findings for the prior audit for the year ended June 30, 2021, as described below:

2021-001 Material Weakness – Cash Receipts

Material Weakness: During our audit, we noted the following with regards to the Town's collection process:

- There was no evidence of review of daily work for collections by an appropriate town employee who was not involved in the collection process.
- One of the individuals who is responsible for accepting payments is also responsible for reconciling the Town's bank accounts and maintaining the Town's general ledgers.
- Sequentially numbered receipts or other daily work was not always maintained for all collections.
- There was also no reconciliation of collections of traffic fines to the subsidiary fines software.

Recommendation: We recommend that the Town establish appropriate internal controls over the collection process, to include a proper segregation of duties. Daily work should be maintained for all receipt transactions, including the use of sequentially numbered receipts or other such documentation. Such daily work should be independently reviewed and approved by someone other than the individual accepting the payments. Collections of traffic fines should be reconciled to the underlying subsidiary fines software.

Current Status: See finding in current year.

2021-002 Material Weakness – Utility Fund Accounts Receivable

Material Weakness: During our audit, we noted that there was no reconciliation of accounts receivable per the daily work for utility fund collections to the underlying subsidiary ledgers/reports. In addition, there was no review of billing adjustments entered into subsidiary ledger to ensure all adjustments had proper approval.

Recommendation: We recommend a reconciliation of accounts receivable per the daily work for utility fund collections to the underlying subsidiary ledgers/reports on a routine basis by someone independent of the collection process. We also recommend a documented approval process with regards to billing adjustments posted to the utility billing software.

Current Status: See finding in current year.

Town of Sarepta
Sarepta, Louisiana
Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2022

There are two findings for the current year audit ended June 30, 2022, as described below:

2022-001 Material Weakness – Cash Receipts

Material Weakness: During our audit, we noted the following with regards to the Town's collection process:

- There was no evidence of review of daily work for collections by an appropriate town employee who was not involved in the collection process.
- One of the individuals who is responsible for accepting payments is also responsible for reconciling the Town's bank accounts and maintaining the Town's general ledgers.
- Sequentially numbered receipts or other daily work was not always maintained for all collections.
- There was also no reconciliation of collections of traffic fines to the subsidiary fines software.

Criteria: Internal controls should be in place to include a proper segregation of duties over all cash receipts transactions, including review and approval by someone other than the individual accepting payments. Daily work should also be maintained for all receipt transactions.

Cause: Sufficient controls were not in place over the collection process.

Effect: Conditions could exist whereby collections by the Town were not deposited or were not recorded properly. As a result, errors could occur and not be detected with regards to various collections of the Town.

Recommendation: We recommend that the Town establish appropriate internal controls over the collection process, to include a proper segregation of duties. Daily work should be maintained for all receipt transactions, including the use of sequentially numbered receipts or other such documentation. Such daily work should be independently reviewed and approved by someone other than the individual accepting the payments. Collections of traffic fines should be reconciled to the underlying subsidiary fines software.

Views of Responsible Officials and Planned Corrective Actions: The Town will ensure that daily work is maintained for all receipt transactions. Daily work will be reviewed and physically approved by someone other than the individual accepting the payments. Receipts of traffic fines will be reconciled to the fines subsidiary software.

Name of Contact Person: Peggy Adkins, Mayor

2022-002 Material Weakness – Utility Fund Accounts Receivable

Material Weakness: During our audit, we noted that there was no reconciliation of accounts receivable per the daily work for utility fund collections to the underlying subsidiary ledgers/reports. In addition, customer deposit liability balances per the subsidiary software were not reconciled to the general ledger during the year. Furthermore, the report of billing adjustments entered into subsidiary ledger was not being reviewed on a periodic basis to ensure that all adjustments entered had proper approval.

Criteria: Appropriate controls should be in place over the utility fund accounts receivable which provide for a reconciliation of daily work and subsidiary records, a reconciliation of customer deposit liability balances, and a review of all billing adjustments.

(Continued)

Town of Sarepta
Sarepta, Louisiana
Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2022
(Continued)

Cause: Controls were not in place over the collection process.

Effect: Errors could occur and not be detected with regards to utility fund accounts receivable. Correcting entries were needed to reconcile the accounts receivable and customer deposit liability accounts per the general ledger with the subsidiary ledger.

Recommendation: We recommend a reconciliation of accounts receivable per the daily work for utility fund collections to the underlying subsidiary ledgers/reports on a routine basis by someone independent of the collection process. We also recommend that the customer deposit liability per the general ledger be reviewed and reconciled with the subsidiary ledger on a periodic basis. We also recommend a documented approval process with regards to billing adjustments posted to the utility billing software.

Views of Responsible Officials and Planned Corrective Actions: The Town will establish controls over utility fund accounts receivable to include a reconciliation of accounts receivable balances to the subsidiary utility billing software and a reconciliation of the customer deposit liability to the general ledger on a monthly basis. Such controls will also include a review and approval process for billing adjustments posted to the utility billing software, including reviewing the billing adjustment report on a periodic basis to ensure all adjustments were properly approved.

Name of Contact Person: Peggy Adkins, Mayor

COOK & MOREHART

Certified Public Accountants

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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, 2021 through June 30, 2022. 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, 2021 through June 30, 2022. 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:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions (including periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes (R.S.)42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Management provided written policies and procedures addressing all of the above.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Procedures performed. No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:

Management provided the requested information, along with management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/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
- c) Management has documentation reflecting that 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 of the accounts selected for testing had 2 items totaling \$74 that have been outstanding for more than 12 months from the statement closing date.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Procedures performed. Noted the following exceptions:

Exceptions: Employee responsible for collecting cash is responsible for preparing/making bank deposits. In addition, the employee responsible for collecting cash is also responsible for posting collection entries to the general ledger or subsidiary ledgers.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Procedures performed. No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Procedures performed. No exceptions noted.

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

8. 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).

Management provided the requested information, along with management's representation that the listing is complete.

9. For each location selected under #8 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, 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/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.

Procedures performed. Noted the following exceptions:

Exceptions: The employee responsible for processing payments also adds/modifies vendor files. In addition, the employee/official that is responsible for processing payments also signs checks and mails out the payments.

10. For each location selected under #8 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:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedures performed. No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.].

Procedures performed. Noted the following exception:

Exception: For 2 of the credit cards selected for testing, there were no attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Procedures performed. Noted the following exception:

Exception: One statement selected for testing included a finance charge of \$25.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions

subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased).
- 2) Written documentation of the business/public purpose.
- 3) Documentation of the individuals participating in meals (for meal charges only).

Procedures performed. No exceptions noted.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. Noted the following exception:

Exception: Three (3) of the reimbursements tested were not reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Procedures performed. No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided the requested information, along with management's representation that the listing is complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Procedures performed. No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Management provided the requested listing and management's representation that the listing was complete.

19. Obtain management's representation that employer and employee portions of third party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc) have been paid, and any associated forms have been filed, by required deadlines.

Management provided a representation that employer and employee portions of third party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

The Town maintained documentation to demonstrate that required ethics training was completed, except as noted below:

b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Procedures performed. No exceptions noted.

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.

Management provided the requested listing and management's representation that the listing was complete.

22. 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: Contingency fund transfers are not being made in accordance with the debt covenants.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the Town attorney of the parish in which the entity is domiciled.

The Town's management represented that there were no misappropriations of public funds and assets during the fiscal period.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds

Procedures performed. No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedures and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Procedures performed. No exceptions noted.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Procedures performed. No exceptions noted.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

a) Number and percentage of public servants in the agency who have completed the training requirements;

b) Number of sexual harassment complaints received by the agency;

c) Number of complaints which resulted in a finding that sexual harassment occurred;

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

e) Amount of time it took to resolve each complaint.

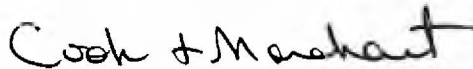
Procedures performed. Noted the following exception:

Exception: The Town did not complete the required report for the current fiscal period.

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 28, 2022

Mayor
Peggy Adkins

Aldermen
Nelda Hines
Claire Lay
Michael A. Corley
John Smith
David Neal

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Police Chief
Michael McCullen

Clerk
Elizabeth Simmons

December 28, 2022

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, 2022:

Exception: One of the bank accounts selected for testing had 2 items totaling \$74 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: Employee responsible for collecting cash is responsible for preparing/making bank deposits.

In addition, the employee responsible for collecting cash is also responsible for posting collection entries to the general ledger or subsidiary ledgers.

Response: The Town will consider additional controls were feasible. However, due to the size of the Town, workload involved, and limited funds, it may not be feasible to provide additional segregation of duties.

Exceptions: The employee responsible for processing payments also adds/modifies vendor files. In addition, the employee/official that is responsible for processing payments also signs checks and mails out the payments.

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.

Exception: For 2 of the credit cards selected for testing, there were no attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

Response: The Town will implement additional controls to include review and approval of all credit card statements and supporting documentation by someone other than the authorized card holder.

Exception: One credit card statement selected for testing included a finance charge of \$25.

Response: It is the Town's policy to pay all bills timely and avoid finance charges.

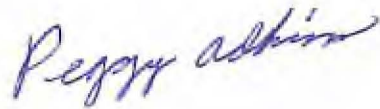
Exception: Three (3) of the travel reimbursements tested were not reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Response: The Town will implement additional controls to include review and approval of all travel payments by someone other than the individual receiving the reimbursement.

Exception: The Town did not complete the required sexual harassment report for the current fiscal period.

Response: The Town will complete the report timely in the future.

Sincerely,

A handwritten signature in blue ink that reads "Peggy Adkins". The signature is written in a cursive, flowing style.

Peggy Adkins
Mayor



An equal opportunity provider and employer