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TOWN OF SAREPTA, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date FEB 16 2000

TOWN OF SAREPTA, LOUISIANA
General Purpose Financial Statements
As of and for the year ended June 30, 1999
With Supplemental Information Schedules

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TOWN OF SAREPTA, LOUISIANA

General Purpose Financial Statements
As of and for the year ended June 30, 1999
With Supplemental Information Schedules

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TOWN OF SAREPTA, LOUISIANA

**General Purpose Financial Statements
As of and for the year ended June 30, 1999
With Supplemental Information Schedules**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Pamela Dorsey, Mayor and the
and Members of the Board of Aldermen
Town of Sarepta, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Sarepta, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Sarepta, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Sarepta, Louisiana, as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 6, 2000 on our consideration of the Town of Sarepta's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Town of Sarepta, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the general purpose financial statements of Town of Sarepta, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The Year 2000 Supplementary Information on page 45 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Town of Sarepta is or will become year 2000 compliant, that the Town's remediation efforts will be successful in whole or in part, or that parties with which the Town conducts business are or will become year 2000 compliant.

Jamison, Wise & Martin

Minden, Louisiana
January 6, 2000

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

To the Honorable Pamela Dorsey, Mayor and the
and Members of the Board of Aldermen
Town of Sarepta, Louisiana

We have audited the general purpose financial statements of the Town of Sarepta, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated January 6, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Sarepta, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 99-1, 99-2, 99-3, 99-4 and 99-5. We also noted certain immaterial instances of noncompliance that we have reported to management of Town of Sarepta, Louisiana in a separate letter dated January 6, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Sarepta, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Town of Sarepta, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-6 and 99-7.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of Town of Sarepta, Louisiana, in a separate letter dated January 6, 2000.

This report is intended solely for the information and use of management, others within the organization, Board of Aldermen, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jamison, Wise & Martin

Minden, Louisiana
January 6, 2000

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Pamela Dorsey, Mayor and the
and Members of the Board of Aldermen
Town of Sarepta, Louisiana

Compliance

We have audited the compliance of Town of Sarepta, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. Town of Sarepta, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Town of Sarepta, Louisiana's management. Our responsibility is to express an opinion on Town of Sarepta, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Sarepta, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Town of Sarepta, Louisiana's compliance with those requirements.

In our opinion, Town of Sarepta, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Town of Sarepta, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Town of Sarepta, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, Board of Aldermen, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jamieson, Wise & Martin

Minden, Louisiana
January 6, 2000

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MANAGEMENT LETTER

To the Honorable Pamela Dorsey, Mayor and the
and Members of the Board of Aldermen
Town of Sarepta, Louisiana

We have audited the financial statements of the Town of Sarepta, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated January 6, 2000.

In connection with our audit, we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the town. As a supplement to the reports, we submit for your consideration the following observations which did not meet the criteria of being material to the general purpose financial statements.

Compliance considered non-material to general purpose financial statements.

99-8: Local Government Budget Laws

During our audit, we reviewed the budget process of the town. LSA-R.S. 39:1310 concerns budgetary control. The town is to amend the budget in accordance with R.S. 39 whenever there is a variance of 5% (five percent) or more between actual and remaining projections as compared to budget amounts for revenues, expenditures or beginning fund balance. For the year ended June 30, 1999, it was noted that the Town had made efforts to be in compliance with the Local Government Budget Laws, however, during our audit we noted that total expenditures of the General Fund were 7% over the amounts budgeted for total expenditures of the General Fund. The variance was due in part to the inclusion of the Parks and Recreation activity in the general purpose financial statements for the year ended June 30, 1999. No budget was prepared for the activity of the Parks and Recreation Board for the year ended June 30, 1999. For effective internal control over expenditures and compliance with the state budget laws we recommend the town continue to periodically review the actual revenues, expenditures and beginning fund balances with the original approved budget amounts and make necessary formal budget amendments.

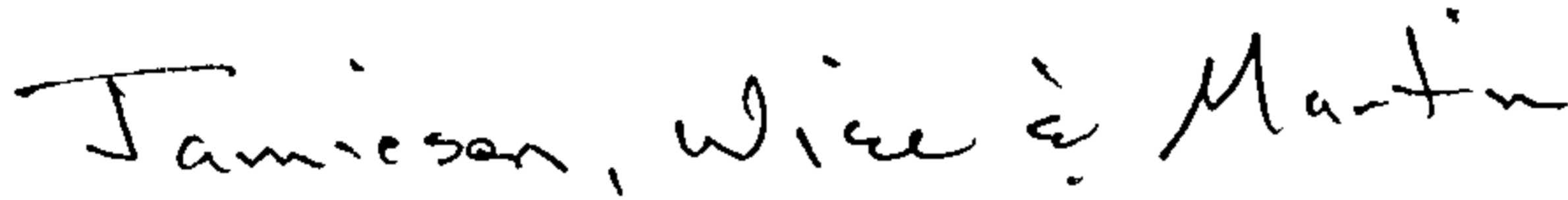
Internal Controls non-material to general purpose financial statements.

99-9: Controls over Police Tickets and Ticket Books

We noted an absence of a reconciliation of tickets issued, tickets written, and settlements of fines by the Town. The absence of a reconciliation process whereby tickets are accounted for from issuance to the docket for court and final settlement of the ticket could cause revenue due to the town to not be collected.

Prior findings have been addressed by the town management unless included in the above comments. Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

Very truly yours,

A handwritten signature in cursive script that reads "Jamieson, Wise & Martin". The signature is written in dark ink and is positioned above the typed name of the firm.

Jamieson, Wise & Martin

January 6, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

TOWN OF SAREPTA, LOUISIANA
 Combined Balance Sheet - All Fund Types and Account Groups
 June 30, 1999

	Governmental Fund Types				Account Group		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	General	Fixed Assets	
Assets							
Cash	\$ 101,018	133,770	10,805	6	-	-	245,599
Restricted cash - customer deposits	-	3,254	-	-	-	-	3,254
Certificates of deposit	50,000	35,000	10,000	-	-	-	95,000
Receivables - sewer charges	-	4,546	-	-	-	-	4,546
Receivables - grant	-	-	-	3,075	-	-	3,075
Land	-	-	-	-	18,076	-	18,076
Buildings	-	-	-	-	125,112	-	125,112
Improvements other than buildings	-	-	-	-	38,221	-	38,221
Sewerage system	-	-	-	-	924,352	-	924,352
Vehicles	-	-	-	-	15,823	-	15,823
Equipment	-	-	-	-	66,906	-	66,906
Total assets	<u>151,018</u>	<u>176,570</u>	<u>20,805</u>	<u>3,081</u>	<u>1,188,490</u>		<u>1,539,964</u>
Liabilities and Fund Equity							
Liabilities:							
Accounts payable	2,290	1,297	-	3,075	-	-	6,662
Payable from restricted assets-Customer deposits	-	2,930	-	-	-	-	2,930
Total liabilities	<u>2,290</u>	<u>4,227</u>		<u>3,075</u>			<u>9,592</u>
Fund equity:							
Investment in general fixed assets	-	-	-	-	1,188,490	-	1,188,490
Fund balances -							
Designated for debt service	-	-	20,805	-	-	-	20,805
Unreserved - undesignated	148,728	172,343	-	6	-	-	321,077
Total fund equity	<u>148,728</u>	<u>172,343</u>	<u>20,805</u>	<u>6</u>	<u>1,188,490</u>		<u>1,530,372</u>
Total liabilities and fund equity	<u>\$ 151,018</u>	<u>176,570</u>	<u>20,805</u>	<u>3,081</u>	<u>1,188,490</u>		<u>1,539,964</u>

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

TOWN OF SAREPTA, LOUISIANA

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balance - All Governmental Fund Types
Year Ended June 30, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Totals (Memorandum Only)</u>
Revenues:					
Taxes	\$ 69,255	30,879	-	-	100,134
Licenses and permits	24,287	-	-	-	24,287
Intergovernmental	4,791	-	-	401,814	406,605
Fines and forfeits	1,347	-	-	-	1,347
Charge for services	-	61,931	-	-	61,931
Interest	4,723	7,331	555	-	12,609
Parks and recreation	10,742	-	-	-	10,742
Miscellaneous	3,535	-	-	-	3,535
Total revenues	<u>118,680</u>	<u>100,141</u>	<u>555</u>	<u>401,814</u>	<u>621,190</u>
Expenditures:					
Current -					
General government	80,461	-	-	-	80,461
Public safety	15,742	-	-	-	15,742
Special revenue - operating	-	54,075	-	-	54,075
Capital outlay	15,544	38,634	-	401,814	455,992
Total expenditures	<u>111,747</u>	<u>92,709</u>	<u>-</u>	<u>401,814</u>	<u>606,270</u>
Excess of revenues over expenditures	6,933	7,432	555	-	14,920
Fund balance, beginning of year, as restated	<u>141,795</u>	<u>164,911</u>	<u>20,250</u>	<u>6</u>	<u>326,962</u>
Fund balance, end of year	<u>\$ 148,728</u>	<u>172,343</u>	<u>20,805</u>	<u>6</u>	<u>341,882</u>

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

TOWN OF SAREPTA, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget (GAAP Basis) and Actual
General and Special Revenue Fund Types
Year Ended June 30, 1999

	General Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 67,500	69,255	1,755
Licenses and permits	24,000	24,287	287
Intergovernmental	4,800	4,791	(9)
Fines and forfeits	1,300	1,347	47
Interest	4,000	4,723	723
Charge for services	-	-	-
1% sales and use tax	-	-	-
Parks and recreation	-	10,742	10,742
Miscellaneous	3,400	3,535	135
Total revenues	<u>105,000</u>	<u>118,680</u>	<u>13,680</u>
Expenditures:			
General government	76,500	80,461	(3,961)
Public safety	16,900	15,742	1,158
Special revenue - operating	-	-	-
Capital outlay	11,400	15,544	(4,144)
Total expenditures	<u>104,800</u>	<u>111,747</u>	<u>(6,947)</u>
Excess (deficiency) of revenues over expenditures	200	6,933	6,733
Fund balance, beginning of year, as restated	<u>141,795</u>	<u>141,795</u>	<u>-</u>
Fund balance, ending of year	<u>\$ 141,995</u>	<u>148,728</u>	<u>6,733</u>

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

Special Revenue Fund

<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
-	-	-
-	-	-
-	-	-
-	-	-
6,700	7,331	631
56,000	61,931	5,931
27,000	30,879	3,879
-	-	-
-	-	-
<u>89,700</u>	<u>100,141</u>	<u>10,441</u>
-	-	-
-	-	-
56,200	54,075	2,125
61,500	38,634	22,866
<u>117,700</u>	<u>92,709</u>	<u>24,991</u>
(28,000)	7,432	35,432
<u>164,911</u>	<u>164,911</u>	<u>-</u>
<u>136,911</u>	<u>172,343</u>	<u>35,432</u>

TOWN OF SAREPTA, LOUISIANA

Notes to Financial Statements

June 30, 1999

The Town of Sarepta is incorporated under the provisions of the Lawrason Act. The Town is located in the Parish of Webster, being in the northwest corner of the State of Louisiana.

Elected officials of the Town of Sarepta consist of the mayor, five (5) aldermen, and the chief of police, who are elected every four years. The affairs of the Town are conducted and managed by the mayor and the board of aldermen.

1. Summary of significant accounting policies

- A. Basis of presentation - The accounting and reporting policies of the Town of Sarepta conform to generally accepted accounting principles as applicable to governments.
- B. Reporting entity - This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Governmental Accounting Standards Board (GASB) Statement No. 14 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 criteria include:

- 1. Appointing a voting majority of an organization's governing body and
 - a) The ability of the municipality 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 municipality.
- 2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.

TOWN OF SAREPTA, LOUISIANA

Notes to Financial Statements
June 30, 1999

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.

Based on the forgoing criteria, there were no entities that were determined to be component units of the Town of Sarepta.

- C. Fund accounting - The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The various funds are grouped, in the financial statements in this report, into categories as follows:

Governmental Funds

Governmental funds are used to account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than proceeds for major capital projects) that are legally restricted or used for expenditures for specific purposes.

TOWN OF SAREPTA, LOUISIANA

Notes to Financial Statements
June 30, 1999

Debt service funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - Capital projects funds account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported on other governmental funds.

- D. Basis of accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. Their revenues are recognized when they become measurable and available as net current assets. Most revenues are recorded when cash is received. Taxpayer - assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Federal and state grants are expenditure - driven and revenues are recognized when the grant expenditures are incurred.

With the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except that principal and interest on general long - term debt is recognized when due.

Purchase of various operating supplies are regarded as expenditures at the time purchased, and any inventories of such supplies are not recorded as assets at the close of the fiscal year, as any such inventories would be relatively small in amount and immaterial to the financial statements.

Prepaid expenses, if any, would be relatively small in amount and immaterial to the financial statements, and are thus not recorded as assets.

- E. Budget and budgetary accounting The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

TOWN OF SAREPTA, LOUISIANA

Notes to Financial Statements June 30, 1999

- a) The Mayor and Board of Aldermen prepare a proposed budget, which is made available for public inspection no later than fifteen days prior to the beginning of each fiscal year.
 - b) After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the end of the fiscal year in progress.
 - c) Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
 - d) All budgetary appropriations lapse at the end of each fiscal year.
 - e) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts in the accompanying statements are as amended with the approval of the Board of Aldermen.
 - f) *Budget comparisons are not presented for the Capital project fund due to the restrictions of these funds for the purpose authorized by the Louisiana Community Development Block Grant from which the resources were derived.*
- F. Encumbrances - The Town does not employ encumbrance accounting in the governmental funds. Management does not believe that the use of encumbrance accounting would serve any significant benefit for budgetary purposes.
- G. Cash and cash equivalents and investments - For purposes of the financial statements, cash and cash equivalents include cash, interest bearing and non-interest bearing demand deposits. Cash and cash equivalents are stated at cost.

Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Time deposits with maturities greater than 90 days are classified as Certificates of Deposit. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks

TOWN OF SAREPTA, LOUISIANA

Notes to Financial Statements
June 30, 1999

organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the Town may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

- H. Restricted assets - Customer deposits for sewer hook-ups are classified as restricted assets on the balance sheet because these deposits are refundable to the customer.
- I. Fixed assets and long-term liabilities

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. The Town has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including the ball park lighting system. No depreciation has been provided on general fixed assets. All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

- J. Accumulated unpaid vacation - Due to immateriality, accumulated unpaid vacation is not recorded as a liability.
- K. Fund equity -

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

TOWN OF SAREPTA, LOUISIANA

Notes to Financial Statements
June 30, 1999

Designated Fund Balance

Designated fund balance represent tentative plans for future use of financial resources.

- L. Interfund transactions - Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the primary government are reported as operating transfers.

- M. Total columns on combined statements - Total columns on combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes, using the assessed values determined by the tax assessor of Webster Parish.

TOWN OF SAREPTA, LOUISIANA

Notes to Financial Statements
June 30, 1999

For the year ended June 30, 1999 taxes of 20.78 mills were levied on property with assessed valuations totaling \$2,480,900 and were dedicated as follows:

General corporate purposes	6.62 mills
Streets, drainage, parks and recreation	<u>14.16</u> mills
	<u>20.78</u> mills

Total ad valorem taxes levied were \$51,553.

3. Cash, cash equivalents and certificates of deposit

At June 30, 1999, the Town had cash and cash equivalents and certificates of deposit with book balances totaling \$343,853 as follows:

Petty cash funds	\$ 100
Non-interest bearing deposits	6
Interest-bearing demand deposits	248,747
Certificates of deposit	<u>95,000</u>
Total	<u>\$ 343,853</u>

These deposits are stated at cost, which approximates market. Under state law, these 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 at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1999, the Town had \$364,430 in deposits of collected bank balances. These deposits were secured from risk by \$100,006 of federal deposit insurance and \$1,140,605 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF SAREPTA, LOUISIANA

Notes to Financial Statements
June 30, 1999

4. Receivables

The following is a summary of receivables at June 30, 1999:

	Special <u>Revenue</u>	Capital <u>Projects</u>
Sewer charges	\$ 4,546	-
Intergovernmental:		
LCDB Grant	<u>-</u>	<u>3,075</u>
Total	<u>\$ 4,546</u>	<u>3,075</u>

The Town uses the direct charge-off method of accounting for uncollectible ad valorem taxes and sewer receivables, as these amounts are immaterial to the financial statements.

5. Changes in Fixed Assets

A summary of changes in general fixed assets follows:

	Balance June 30, <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>1999</u>
Land	\$ 18,076	-	-	\$ 18,076
Buildings	121,144	3968	-	125,112
Improvements other than buildings	38,221	-	-	38,221
Sewerage system	465,056	459,296	-	924,352
Construction in progress	38,822	-	38,822	-
Vehicles	20,123	-	4,300	15,823
Equipment-office and other	<u>42,478</u>	<u>24,680</u>	<u>252</u>	<u>66,906</u>
Total general fixed assets	<u>\$ 743,920</u>	<u>487,944</u>	<u>43,374</u>	<u>1,188,490</u>

TOWN OF SAREPTA, LOUISIANA

Notes to Financial Statements
June 30, 1999

6. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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 of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Sarepta is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Sarepta are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Sarepta contributions to the System for the year ending June 30, 1999 was \$1,404, equal to the required contributions for the year.

7. Accounts and withholdings payable

The following is a summary of payables at June 30, 1999:

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>
Accounts payable	\$ 2,290	1,297	3,075
Customer deposits	-	<u>2,930</u>	-
Total	<u>\$ 2,290</u>	<u>4,227</u>	<u>3,075</u>

TOWN OF SAREPTA, LOUISIANA

Notes to Financial Statements
June 30, 1999

8. Expenditures - Actual and budget

The following individual fund have actual expenditures over budgeted expenditures for the year ended June 30, 1999:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ <u>104,800</u>	<u>111,747</u>	<u>(6,947)</u>

9. Dedication of Proceeds - 1% Sales and Use Tax

On February 2, 1971, the electors of the Town authorized a 1% sales and use tax. The revenues are dedicated to constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal works, title to which shall be in the public.

Net proceeds of the sales and use tax were pledged and dedicated to the retirement of \$100,000 of sewerage system public improvement bonds dated November 1, 1971, (which were fully paid off during the year ended June 30, 1996) and \$60,000 of Bond Indebtedness dated June 1, 1989, (which were fully paid off during the year ended June 30, 1998.)

However, on October 24, 1987, the electors of the Town authorized a rededication of the 1% Sales and Use Tax to be used for any lawful corporate purposes until March 31, 2027.

10. Designated fund balance

As shown in Note 9 above, the debt service on certain indebtedness paid in prior years was financed from proceeds of the Town's 1% sales and use tax. Although long-term debt of the town had been retired as of June 30, 1999, the Town has designated the fund balance of \$ 20,805 to service debt which may be legally incurred in the future.

11. Prior period adjustment

During the year ended June 30, 1996, accruals of accounts payable and accounts receivable in the amounts of \$522 and \$3263, respectively, were recognized in the special revenue fund. Also, an accrual of accounts payable in the amount of \$2,294 was recognized in the general fund. For the year ended June 30, 1999, it was noted the accruals recognized during the fiscal year ended June 30, 1996 were carried forward without adjustment.

TOWN OF SAREPTA, LOUISIANA

Notes to Financial Statements
June 30, 1999

For the year ended June 30, 1999, the Town recognized a prior period adjustment to reverse prior year accruals recorded in the general and special revenue funds.

In prior years, the Town of Sarepta created a separate board, to be known as the Parks and Recreation Board, which would handle parks and recreation activities for the Town. The activities of the board include administration of summer league activities and providing for minor maintenance of parks. In prior years, the activities of the Parks and Recreation Board were not included in the general purpose financial statements of the Town of Sarepta. During the year ended June 30, 1999, the Town determined that the Parks and Recreation Board was not a legally separate entity and recognized the activity of the Parks and Recreation Board in its general purpose financial statements. The prior period adjustment in the amount of \$1,612, representing beginning cash balance of the Parks and Recreation Board was recognized in the general fund balance.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Balance at beginning of year, as previously reported	\$ 137,889	167,652
Prior period adjustment -		
A/P accrual	2,294	522
A/R accrual	-	(3,263)
Parks & Recreation prior year activity	<u>1,612</u>	<u>-</u>
Balance at beginning of year, as restated	\$ <u>141,795</u>	<u>164,911</u>

12. Subsequent events

On November 4, 1999, the Town of Sarepta issued Bond Anticipation Notes with Citizens Bank in the principal amount of \$516,000 bearing interest at a rate of 3.95% per annum and maturing over a period not exceeding nine (9) months. The note was issued for the purpose of providing interim financing for acquiring and constructing improvements, extensions and replacements to the sewerage system of the Town of Sarepta. The permanent financing of the sewer project is to be provided by the delivery of \$516,000 of Sewer Revenue Bonds to the United States of America, acting through Rural Development.

**FINANCIAL STATEMENTS OF
INDIVIDUAL FUNDS AND
ACCOUNT GROUPS**

GENERAL FUND

To account for all financial resources except those required to be accounted for in another fund.

TOWN OF SAREPTA, LOUISIANA
GENERAL FUND

Balance Sheet
June 30, 1999

ASSETS

Cash	\$ 101,018
Certificates of deposit	<u>50,000</u>
Total assets	<u>\$ 151,018</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	<u>\$ 2,290</u>
Total liabilities	<u>2,290</u>
Fund balance:	
Unreserved, undesignated	<u>148,728</u>
Total liabilities and fund balance	<u>\$ 151,018</u>

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

TOWN OF SAREPTA, LOUISIANA
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
Year Ended June 30, 1999

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes -			
Ad valorem	\$ 50,500	52,141	1,641
Franchise	17,000	17,114	114
Licenses and permits -			
Occupational licenses	24,000	24,287	287
Intergovernmental -			
Tobacco taxes	4,800	4,791	(9)
Fines and forfeits	1,300	1,347	47
Interest	4,000	4,723	723
Rentals	3,400	3,530	130
Parks and recreation	-	10,742	10,742
All other	-	5	5
Total revenues	105,000	118,680	13,680
Expenditures:			
General government	79,500	96,005	(16,505)
Public safety -			
Police	24,900	15,742	9,158
Fire	400	-	400
Total expenditures	104,800	111,747	(6,947)
Excess of revenues over expenditures	200	6,933	6,733
Fund balance, beginning of year, as restated	141,795	141,795	-
Fund balance, end of year	\$ 141,995	148,728	6,733

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

TOWN OF SAREPTA, LOUISIANA
GENERAL FUND

Statement of Expenditures by Departments Compared to Budget (GAAP Basis)
Year Ended June 30, 1999

	Budget	Actual	Variance - Favorable (Unfavorable)
General government:			
Salaries -			
Mayor's salary	\$ 4,900	4,900	-
Aldermen's salaries	6,500	6,475	25
Other salaries	13,000	11,920	1,080
Payroll taxes	3,000	2,824	176
Office expenses	1,700	1,702	(2)
Building maintenance	2,000	1,420	580
Legal and auditing	2,200	2,200	-
Tax preparation	700	650	50
Street lights	12,000	12,345	(345)
Utilities and telephone	6,500	6,705	(205)
Insurance	3,500	3,353	147
Street, equipment and grounds maintenance	4,300	962	3,338
Publications	700	710	(10)
Dues and subscriptions	2,000	1,632	368
Parks and recreation	12,000	21,881	(9,881)
Mayor's court	1,100	731	369
Capital outlay	3,000	15,544	(12,544)
Coroner's fee	200	-	200
Travel and convention	100	40	60
All other	100	11	89
Total general government	79,500	96,005	(16,505)
Public safety:			
Police -			
Salaries	12,000	12,000	-
Retirement	1,400	1,404	(4)
Capital outlay	8,400	-	8,400
Supplies	2,000	1,584	416
Repairs and maintenance	600	340	260
Auto expense	500	414	86
Total police	24,900	15,742	9,158
Fire -			
Fire expense	400	-	400
Total fire	400	-	400
Total public safety	25,300	15,742	9,558
Total expenditures	\$ 104,800	111,747	(6,947)

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

SPECIAL REVENUE FUNDS

Sales Tax Fund - To account for the receipt and use of proceeds of the Town's 1% sales and use tax. The revenues are dedicated for any lawful corporate purposes; however, the Town is classifying them as special revenue because the tax is the source for paying bond indebtedness, either incurred in previous years or which may be legally incurred in the future.

Sewer Operating Fund - The Sewer Operating Fund is considered to be a special revenue fund rather than an enterprise fund because the sewer service charge is intended to cover only the routine operating and maintenance costs of the system. Funds for the construction of the sewerage system were provided by grants from the U. S. Environmental Protection Agency and by general obligation bonds, which were retired with dedicated sales taxes and ad valorem taxes.

TOWN OF SAREPTA, LOUISIANA
SPECIAL REVENUE FUNDS

Combining Balance Sheet
June 30, 1999

	<u>Sales Tax</u>	<u>Sewer Operating</u>	<u>Totals</u>
ASSETS			
Cash	\$ 67,959	65,811	133,770
Restricted cash - customer deposits	-	3,254	3,254
Certificates of deposit	-	35,000	35,000
Accounts receivable	-	4,546	4,546
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 67,959</u>	<u>108,611</u>	<u>176,570</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Payable from restricted assets - customer deposits	\$ -	2,930	2,930
Accounts payable	-	1,297	1,297
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>4,227</u>	<u>4,227</u>
 Fund balance:			
Unreserved - undesignated	<u>67,959</u>	<u>104,384</u>	<u>172,343</u>
Total liabilities and fund balance	<u>\$ 67,959</u>	<u>108,611</u>	<u>176,570</u>

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

TOWN OF SAREPTA, LOUISIANA
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 1999

	<u>Sales Tax</u>	<u>Sewer Operating</u>	<u>Totals</u>
Revenues:			
Taxes	\$ 30,879	-	30,879
Interest	2,340	4,991	7,331
Sewer service charges	-	61,931	61,931
Total revenues	<u>33,219</u>	<u>66,922</u>	<u>100,141</u>
 Expenditures:			
Operating	3,601	50,474	54,075
Capital outlay	19,974	18,660	38,634
Total expenditures	<u>23,575</u>	<u>69,134</u>	<u>92,709</u>
 Excess (deficiency) of revenues over expenditures	9,644	(2,212)	7,432
Fund balance, beginning of year, as restated	<u>58,315</u>	<u>106,596</u>	<u>164,911</u>
 Fund balance, end of year	<u>\$ 67,959</u>	<u>104,384</u>	<u>172,343</u>

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

TOWN OF SAREPTA, LOUISIANA
SPECIAL REVENUE FUND
SALES TAX FUND

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
Year Ended June 30, 1999

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Sales taxes	\$ 27,000	30,879	3,879
Interest	2,000	2,340	340
Total revenues	29,000	33,219	4,219
 Expenditures:			
Operating -			
Audit	5,000	3,601	1,399
Office	500	-	500
Capital outlay	23,500	19,974	3,526
Total expenditures	29,000	23,575	5,425
 Excess of revenues over expenditures	-	9,644	9,644
 Fund balance, beginning of year	58,315	58,315	-
 Fund balance, end of year	\$ 58,315	67,959	9,644

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

TOWN OF SAREPTA, LOUISIANA
SPECIAL REVENUE FUND
SEWER OPERATING FUND

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
Year Ended June 30, 1999

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Sewer charges	\$ 56,000	61,931	5,931
Interest	4,700	4,991	291
Total revenues	60,700	66,922	6,222
Expenditures:			
Operating:			
Salaries	19,000	19,016	(16)
Utilities	4,000	4,720	(720)
Insurance	4,600	4,783	(183)
Office and postage	1,300	1,280	20
Truck expense	700	767	(67)
Maintenance and repairs	14,300	13,684	616
Payroll taxes	1,500	1,034	466
Legal	500	700	(200)
All other	4,800	4,490	310
Total operating expenditures	50,700	50,474	226
Capital outlay	38,000	18,660	19,340
Total expenditures	88,700	69,134	19,566
(Deficiency) of revenues over expenditures	(28,000)	(2,212)	25,788
Fund balance, beginning of year, as restated	106,596	106,596	-
Fund balance, end of year	\$ 78,596	104,384	25,788

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

DEBT SERVICE FUNDS

To accumulate monies for payment of long-term debt. Debt service is financed from proceeds of the Town's 1% sales and use tax. Although the Town has retired previously issued long-term debt during the year ended June 30, 1998, the Town has designated these funds to service debt which may be legally incurred in the future.

TOWN OF SAREPTA, LOUISIANA
DEBT SERVICE FUND

Balance Sheet
June 30, 1999

	<u>Sales Tax Sinking Fund</u>
ASSETS	
Cash	\$ 10,805
Certificates of deposit	<u>10,000</u>
Total assets	<u>\$ 20,805</u>
LIABILITIES AND FUND BALANCE	
Fund balance:	
Designated for debt service	\$ 20,805
Total fund balance	<u>20,805</u>
Total liabilities and fund balance	<u>\$ 20,805</u>

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

TOWN OF SAREPTA, LOUISIANA
DEBT SERVICE FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 1999

	<u>Sales Tax Sinking Fund</u>
Revenues - interest	\$ 555
Total revenues	<u>555</u>
Excess of revenues over expenditures	555
Fund balance, beginning of year	<u>20,250</u>
Fund balance, end of year	<u>\$ 20,805</u>

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

CAPITAL PROJECTS FUND

To account for Louisiana Community Development Block Grant funds used in the construction of sewer system improvements.

TOWN OF SAREPTA, LOUISIANA
CAPITAL PROJECTS FUND

Balance Sheet
June 30, 1999

ASSETS

Cash	\$	6
Accounts receivable		<u>3,075</u>
Total assets	\$	<u>3,081</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$	<u>3,075</u>
Fund balance:		
Unreserved and undesignated		<u>6</u>
Total liabilities and fund balance	\$	<u>3,081</u>

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

TOWN OF SAREPTA, LOUISIANA
CAPITAL PROJECTS FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 1999

	<u>LCDBG</u>
Revenues	
LCDBG Grant	\$ 401,814
Total revenues	<u>401,814</u>
Expenditures:	
Administrative	18,312
Engineering	28,930
Construction	<u>354,572</u>
Total expenditures	<u>401,814</u>
Excess of revenues over expenditures	-
Fund balance, beginning of year	<u>6</u>
Fund balance, end of year	<u>\$ 6</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

TOWN OF SAREPTA, LOUISIANA

Statement of General Fixed Assets
June 30, 1999

General fixed assets, at cost:	
Land	\$ 18,076
Buildings	125,112
Improvements other than buildings	38,221
Sewerage system	924,352
Vehicles	15,823
Equipment, office and other	<u>66,906</u>
Total general fixed assets	<u>\$ 1,188,490</u>
Investment in general fixed assets:	
General obligation bonds	\$ 376,209
Federal and/or state funds and grants	628,678
General fund revenues	103,587
Sewer operating and maintenance fund	53,709
Sales tax fund	<u>26,307</u>
Total investment in general fixed assets	<u>\$ 1,188,490</u>

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

TOWN OF SAREPTA, LOUISIANA

Statement of Changes in General Fixed Assets
Year Ended June 30, 1999

	Land	Buildings	Improvements Other Than Buildings	Sewerage System	Construction in Progress	Vehicles	Equip. - Office & Other	Totals
General fixed assets, beginning of year	\$ 18,076	121,144	38,221	465,056	38,822	20,123	42,478	743,920
Additions:								
LCDBG Grant funds	-	-	-	440,636	-	-	-	440,636
Sewer operating and maintenance fund	-	-	-	18,660	-	-	-	18,660
Sales tax fund revenues	-	-	-	-	-	-	19,974	19,974
General fund revenues	-	3,968	-	-	-	-	4,706	8,674
Total additions	-	3,968	-	459,296	-	-	24,680	487,944
Deletions:								
LCDBG Grant funds	-	-	-	-	(38,822)	-	-	(38,822)
General fund revenues	-	-	-	-	-	(4,300)	(252)	(4,552)
Total deletions	-	-	-	-	(38,822)	(4,300)	(252)	(43,374)
General fixed assets, end of year	\$ 18,076	125,112	38,221	924,352	-	15,823	66,906	1,188,490

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SAREPTA, LOUISIANA

YEAR 2000 SUPPLEMENTARY INFORMATION

As of and for the year ended June 30, 1999

(Unaudited)

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the year 2000 problem is expected to extend beyond systems that produce financial information. It encompasses all computer systems and any equipment that is dependent on microchip technology. In addition, the year 2000 is also a leap year. The calendar adjustment necessary to recognize February 29, 2000 could also have an effect on programs.

As of January 6, 2000, no effect due to the year 2000 issue upon the Town's ability to provide services and public safety to its citizens has occurred. No effect from non-compliance with the year 2000 by other entities upon which the Town may rely, such as vendors, grantors, service providers, revenue collection entities, employers or customers, has been determined.

The Town's system for preparing financial statements relies on computerized technology. Financial information is prepared through the use of a vendor accounting software which the Town intends to replace with software which is 2000 compliant.

For the year ended June 30, 1999, the Town incurred no material remediation costs concerning the year 2000 issue. No significant loss due to impairment of equipment that is not year 2000 compliant was recognized for the year ended June 30, 1999.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until after the year 2000. Management cannot assure that the Town is year 2000 ready, that the Town's remediation efforts were successful in whole or in part, or that parties with whom the Town does business are year 2000 ready.

TOWN OF SAREPTA, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO MAYOR
AND BOARD OF ALDERMEN

As of and for the year ended June 30, 1999

The Mayor and Board of Aldermen for the Town of Sarepta were compensated for the year ended June 30, 1999 as follows:

	Year Ended <u>June 30, 1999</u>	
	<u>Mayor's</u> <u>Salary</u>	<u>Aldermen</u> <u>Salaries</u>
Pam Dorsey	\$ 4,900	-
Michael A. Corley	-	1,300
Jeff Franklin	-	1,300
Danny D. Heckendorn	-	1,300
Darrold McAllister	-	1,275
Anthony Mullins	<u>-</u>	<u>1,300</u>
Total	\$ <u>4,900</u>	<u>6,475</u>

TOWN OF SAREPTA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the year ended June 30, 1999

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the Town of Sarepta, Louisiana as of and for the year ended June 30, 1999.
2. Reportable conditions in internal control over financial reporting are reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, and described in the accompanying schedule of findings and questioned costs. None of the reportable conditions were shown as a material weakness.
3. Instances of noncompliance material to the general purpose financial statements of the Town of Sarepta, Louisiana are reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, and are described in the accompanying schedule of findings and questioned costs..
4. No reportable conditions relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for the Town of Sarepta, Louisiana expresses an unqualified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the Town of Sarepta, Louisiana were reported.
7. For the year ended June 30, 1999, the Town of Sarepta, Louisiana had one major program: FY 1996 LCDBG Program grants from the U.S. Department of Housing and Urban Development (CFDA 14.229) passed through the Office of Community Development.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Sarepta, Louisiana was not determined to be a low-risk auditee. For the preceding two audit periods, the Town of Sarepta was not subject to an audit per the State of Louisiana audit law and OMB Circular A-133.

TOWN OF SAREPTA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the year ended June 30, 1999

Section I - Internal Control and Compliance Material to the Financial Statements

99-1: Late Filing of Report

Fiscal Year Finding Initially Occurred: June 30, 1999

Description of Finding: State law (Louisiana Revised Statute (R.S.) 24:513) requires that the June 30, 1999 financial report be submitted to the Louisiana Legislative Auditor's office no later than December 31, 1999. During the performance of the audit, it was determined additional information was needed to complete the audit. Key information, specifically the Town's Parks and Recreation activities noted in Finding 99-7, was not available in time to complete the audit by the required deadline. As a result, the audit was not completed and transmitted to the Louisiana Legislative Auditor's office by December 31, 1999.

99-2: Inventory and Listing of General Fixed Assets

Fiscal Year Finding Initially Occurred: June 30, 1999

Description of finding: We noted the absence of a reconciliation of the list of fixed assets to the amounts reported in the general fixed asset account group. Although the Town was able to reconstruct a listing of fixed assets from prior records, for proper controls the Town should annually reconcile fixed assets per the financial statements and the actual assets on hand in each department. Lack of control over fixed assets could lead to misstatements in the financial statements and unknown loss of assets.

As required by Louisiana Revised Statute 24:515, the Town is responsible for maintaining records of all land, buildings, improvements other than buildings, equipment and other general fixed assets which were purchased or otherwise acquired, and for which the entity is accountable. The records shall include information as to the date of purchase, the initial costs, the disposition, if any, the purpose of such disposition, and the recipient of the property or disposed equipment.

99-3: Completion and Submission of the Proposed Budget

Fiscal Year Finding Initially Occurred: June 30, 1999

Description of Finding: During the audit, we noted the proposed budget for the fiscal year ended June 30, 1999 was accepted during a special session meeting held on June 30, 1998. We found no evidence to indicate that this proposed budget for the fiscal year ended June 30, 1999, was submitted to the board of alderman and made available for public inspection no later than fifteen days prior to the beginning the fiscal year as required by Louisiana Revised Statute 39:1305.

TOWN OF SAREPTA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the year ended June 30, 1999

99-4: Use of Public Funds

Fiscal Year Finding Initially Occurred: June 30, 1999

Description of Finding: During the audit, it was noted that the Town of Sarepta paid approximately \$8,700 to provide lighting on the girl's softball field at Sarepta High School, which is owned and operated by the Webster Parish School Board. Per Louisiana Constitution, Article 7, Section 14, "...funds, ...of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private..." Also, "For a public purpose, the state and its public subdivisions...may engage in cooperative endeavors with each other..." We found no evidence of a written cooperative endeavor agreement between the Town and the Webster Parish School Board.

99-5: Use of Public Funds

Fiscal Year Finding Initially Occurred: June 30, 1999

Description of Finding: Per review of the minutes of the board of alderman for the Town of Sarepta, it was noted that on December 14, 1998, the Board approved payment of the remaining expenses of pee wee football equipment. It was noted that the Town of Sarepta paid \$4,718.44 for invoices dated from August 8, 1998-September 17, 1998, to purchase uniforms and equipment for pee wee football. It was noted that these uniforms were stored in a locked storeroom at the Sarepta High School gymnasium.

99-6: Reconciliation of Accounts Receivable and Meter Deposits

Fiscal Year Finding Initially Occurred: June 30, 1999

Description of Finding: We noted the absence of a reconciliation of accounts receivable and meter deposits between the general ledger and subsidiary journals. For proper controls, the town should maintain subsidiary journals, and reconcile on a monthly basis, accounts receivable and meter deposits per the financial statements with the supporting documentation. Failure to perform these reconciliations could lead to misstatements in the financial statements.

TOWN OF SAREPTA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the year ended June 30, 1999

99-7: Internal Controls over Parks and Recreation Board Activities

Fiscal Year Finding Initially Occurred: June 30, 1999

Description of Finding: During the audit, we noted the existence of a separate board created in prior years by the Board of Alderman of the Town of Sarepta. This separate board is known as the Parks and Recreation Board and is responsible for handling parks and recreation activities for the Town of Sarepta. The Parks and Recreation Board maintains a separate bank account for its operations. We noted that no formal controls are implemented over activities of the board. In addition, no formal budget was prepared concerning the Parks and Recreation Board activities. We noted no supporting documentation for receipts and found no supporting documentation on some of the tested expenditures.

We noted a payment of \$5,125.02 made from the Parks and Recreation Board account for several invoices to purchase softball equipment and uniforms. The Parks and Recreation President, asserts that the equipment is owned by the Parks and Recreation Board, but the uniforms belong to the summer league participants because they were paid for from funds provided by outside children sponsors. Officials of the town provided access to the items of equipment, and substantially the equipment items appeared to be present. However, due to lack of supporting documentation, we were unable to determine the source of funds deposited to the Parks and Recreation Board account, and were therefore unable to determine whether outside sponsors paid for the uniforms or whether town funds were used to pay for the uniforms. As a result, we were unable to determine if the payment for the uniforms was an allowable expenditure.

Section II - Internal Control and Compliance Material to Federal Awards

The results of our auditing procedures of the general purpose financial statements as of and for the year ended June 30, 1999, of the Town of Sarepta, Louisiana, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

Section III - Management Letter

99-8: Local Government Budget Laws

Fiscal Year Finding Initially Occurred: June 30, 1999

Description of Finding: During our audit, we reviewed the budget process of the town. LSA-R.S. 39:1310 concerns budgetary control. The town is to amend the budget in accordance with R.S. 39 whenever there is a variance of 5% (five percent) or more between actual and remaining projections as compared to budget

TOWN OF SAREPTA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the year ended June 30, 1999

amounts for revenues, expenditures or beginning fund balance. For the year ended June 30, 1999, it was noted that the Town had made efforts to be in compliance with the Local Government Budget Laws, however, during our audit we noted that total expenditures of the General Fund were 7% over the amounts budgeted for total expenditures of the General Fund. The variance was due to the inclusion of the Parks and Recreation activity in the general purpose financial statements for the year ended June 30, 1999. No budget was prepared for the activity of the Parks and Recreation Board for the year ended June 30, 1999. For good internal control over expenditures and compliance with the state budget laws we recommend the town continue to periodically review the actual revenues, expenditures and beginning fund balances with the original approved budget amounts and make necessary formal budget amendments. In addition, we recommend a budget be proposed for the activities of the Parks and Recreation Board.

99-9: Controls over Police Tickets and Ticket Books

Fiscal Year Finding Initially Occurred: June 30, 1999

Description of Finding: We noted an absence of a reconciliation of tickets issued, tickets written, and settlements of fines by the Town. The absence of a reconciliation process whereby tickets are accounted for from issuance to a docket for court and final settlement of the ticket could cause revenue due to the town to not be collected.

TOWN OF SAREPTA, LOUISIANA

CORRECTIVE ACTION PLAN

As of and for the year ended June 30, 1999

Section I - Internal Control and Compliance Material to the Financial Statements

99-1: Late Filing of Report

We were unaware that further information would be needed until sometime in December, 1999, during which time, key personnel were unavailable due to the holiday season. The key information needed was primarily the Parks and Recreation activities referred to in finding 99-7 of the auditors' report.

99-2: Inventory and Listing of General Fixed Assets

We were able to reconstruct a listing of fixed assets from our financial records. We will, however, begin to keep a more detailed fixed asset listing as recommended by the auditors.

99-3: Completion and Submission of the Proposed Budget

We are now aware of the requirements and will comply in the future. The budget for the fiscal year ended June 30, 2000 was submitted and adopted as required by Louisiana Revised Statute 39:1305.

99-4: Use of Public Funds

We were unaware that a cooperative endeavor agreement was required to be in writing. The lighting for the girl's softball field at Sarepta High School is part of a cooperative endeavor between the Town and Sarepta High School (Webster Parish School Board) to provide adequate facilities for both interscholastic and recreational activities for both the students of the local public school and the youth of the general public. The youth summer league softball league, as a part of the Town's parks and recreation program, uses the School's softball field to play their games, which are played at night. Night games are common in summer league play in order to allow parents and sponsors and coaches to attend games without unduly affecting their daytime work schedule. Thus the need for the Town to provide lights on the girl's softball field. Additionally, Sarepta High School uses the Town's baseball field to play their interscholastic games with other high schools in the area. Sarepta High School does not have a regulation baseball field, only a softball field which, as stated before, they allow us to use as part of our cooperative endeavor to provide proper facilities for these activities. The Town, in turn, allows the school to use the

TOWN OF SAREPTA, LOUISIANA

CORRECTIVE ACTION PLAN

As of and for the year ended June 30, 1999

Town's baseball field. Therefore, we believe that the purchase of the softball field lights met the cooperative endeavor exception to Article 7, Section 14, of the Louisiana Constitution.

In order to make the cooperative endeavor agreement between the school and the town more clear, however, we will endeavor to place the agreement in writing. We have instructed our Town's attorney to draw up a suitable cooperative endeavor agreement between the town and the school, and have the agreement signed by the appropriate representatives of the entities.

99-5: Use of Public Funds

This equipment is used for the Town's pee wee football program, part of the Town's Parks and Recreation activities, for the youth of our Town. The Town does not have the proper facilities to store football equipment such as shoulder pads, padded football pants, other protective pads, helmets, chin straps, footballs, etc. in a manner that will preserve and extend the useful life of the equipment. This football equipment, which is all important for the protection and safety of our youth participating in the sport, requires the technical and responsible care and storage which we believe is better provided at the school, which has the proper facilities and trained coaches that the Town does not have. This is another example of the endeavors of the school and town to cooperate with each other for the public purpose of providing safe recreational activities for the youth of our general public.

99-6: Reconciliation of Accounts Receivable and Meter Deposits

We have begun to maintain monthly subsidiary journals for accounts receivable and intend to reconcile accounts receivable and meter deposits as recommended by the auditors.

99-7: Internal Controls over Parks and Recreation Board Activities

We agree with this comment and corrective action is being taken. We have included this activity in the general purpose financial statements for the year ended June 30, 1999. We intend to assume formal control of park and recreation activity and establish related controls over recordkeeping, including budgeting and cash receipts.

The equipment purchased is under the control of the town, and is owned by the town. The uniforms were paid for by contributions from local sponsors, although the contributions were run through the Parks and Recreation account and paid by check from the Parks and Recreation

TOWN OF SAREPTA, LOUISIANA

CORRECTIVE ACTION PLAN

As of and for the year ended June 30, 1999

account in an attempt to maintain a centralized and convenient method of purchasing the equipment and uniforms. The uniforms consisted primarily of T-shirts and ball caps which the youth were allowed to keep due to the relatively short useful life of these types of items over a season, in addition to the consideration of the personal nature and hygiene when such items are worn by one child over the course of a season.

Section II - Internal Control and Compliance Material to Federal Awards

As stated in the Schedule of Findings and Questioned Costs, in connection with the audit of the general purpose financial statements as of and for the year ended June 30, 1999, the Town of Sarepta, Louisiana, there were no items required to be reported in accordance with OMB Circular A-133.

Section III - Management Letter

99-8: Local Government Budget Laws

The unfavorable variance between total expenditures of the general fund and budgeted expenditures occurred primarily due to the inclusion of the parks and recreation activity into the general purpose financial statements for the year ended June 30, 1999. As mentioned earlier, we plan to include the parks and recreation activities in future budgets.

99-9: Controls over Police Tickets and Ticket Books

Tickets written by the police chief are now being turned over to the Ward Court, which handles collection and required court procedures. We will make efforts to establish a reconciliation process as recommended by auditors.

TOWN OF SAREPTA

SUMMARY SCHEDULE OF PRIOR FINDINGS

As of and for the year ended June 30, 1999

For the year ended June 30, 1998, a compilation and agreed-upon procedures were performed on the general purpose financial statements of the Town of Sarepta, Louisiana. There were no items required to be reported as a result of the agreed-upon procedures in accordance with the Louisiana Governmental Audit Guide and the provisions of state law.

TOWN OF SAREPTA, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

As of and for the year ended June 30, 1999

<u>Federal Grantor/Pass Through Grantors/Program Title</u>	<u>Federal CFDA #</u>	<u>Grant ID #</u>	<u>Program or Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>US Department of Housing and Urban Development</u> <u>Passed through the State of Louisiana - Division</u> <u>of Administration:</u>					
LA Community Development Block Grant - FY 1996	14.229	107-700140	\$440,635	401,814	401,814

TOWN OF SAREPTA, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 1999

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Town's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.