

TOWN OF SUNSET, LOUISIANA

Financial Report

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Charles James, Mayor
and Members of the Board of Aldermen
Town of Sunset, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Sunset, Louisiana, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules of employer's share of net pension liability and employer pension contributions on pages 43 through 46 be presented to supplement the basic financial statements. Such 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 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Sunset has omitted the 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sunset, Louisiana's basic financial statements. The other supplementary information on pages 49 through 62 is presented for purposed of additional analysis and is not a required part of the basic financial statements.

The comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, these comparative statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The prior year comparative information on the comparative statements has been derived from the Town of Sunset's 2019 financial statements. This information was subjected to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, was fairly presented, in all material respects, in relation to the basic financial statements as a whole.

The various schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2021, on our consideration of the Town of Sunset, 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 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 Sunset, Louisiana'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 Town of Sunset, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 9, 2021

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF SUNSET, LOUISIANA

Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing demand deposits	\$ 596,547	\$ 85,238	\$ 681,785
Interest-bearing time deposits	8,241	-	8,241
Receivables, net	32,375	45,806	78,181
Internal balances	220,422	(220,422)	-
Due from other governmental units	192,122	-	192,122
Total current assets	<u>1,049,707</u>	<u>(89,378)</u>	<u>960,329</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing demand deposits	-	148,814	148,814
Interest-bearing time deposits	-	27,380	27,380
Capital assets, net	<u>1,140,120</u>	<u>2,193,773</u>	<u>3,333,893</u>
Total noncurrent assets	<u>1,140,120</u>	<u>2,369,967</u>	<u>3,510,087</u>
Total assets	<u>2,189,827</u>	<u>2,280,589</u>	<u>4,470,416</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>130,761</u>	<u>-</u>	<u>130,761</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	272,216	21,637	293,853
Customers deposits payable	-	131,495	131,495
Capital lease payable	782	-	782
Loans payable	10,709	-	10,709
Bonds payable	<u>17,000</u>	<u>19,000</u>	<u>36,000</u>
Total current liabilities	<u>300,707</u>	<u>172,132</u>	<u>472,839</u>
Noncurrent liabilities:			
Capital lease payable	3,064	-	3,064
Loans payable	21,271	-	21,271
Bonds payable	102,000	389,000	491,000
Net pension liability	<u>582,708</u>	<u>-</u>	<u>582,708</u>
Total noncurrent liabilities	<u>709,043</u>	<u>389,000</u>	<u>1,098,043</u>
Total liabilities	<u>1,009,750</u>	<u>561,132</u>	<u>1,570,882</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>81,020</u>	<u>-</u>	<u>81,020</u>
NET POSITION			
Net investment in capital assets	989,395	1,804,773	2,794,168
Restricted for sales tax dedications	309,355	-	309,355
Restricted for debt service	11,333	25,699	37,032
Unrestricted (deficit)	<u>(80,265)</u>	<u>(111,015)</u>	<u>(191,280)</u>
Total net position	<u>\$ 1,229,818</u>	<u>\$ 1,719,457</u>	<u>\$ 2,949,275</u>

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

TOWN OF SUNSET, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2020

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 618,325	\$ 188,096	\$ -	\$ -	\$ (430,229)	\$ -	\$ (430,229)
Public safety:							
Police	707,008	164,685	-	-	(542,323)	-	(542,323)
Fire	161,700	-	18,142	-	(143,558)	-	18,142
Streets	349,684	-	193,002	-	(156,682)	-	(156,682)
Interest on long-term debt	7,661	-	-	-	(7,661)	-	(7,661)
Total governmental activities	<u>1,844,378</u>	<u>352,781</u>	<u>211,144</u>	<u>-</u>	<u>(1,280,453)</u>	<u>-</u>	<u>(1,280,453)</u>
Business-type activities:							
Gas	155,057	238,655	-	-	-	83,598	83,598
Water	357,552	290,060	-	58,817	-	(8,675)	(8,675)
Sewer	206,688	184,523	-	-	-	(22,165)	(22,165)
Total business-type activities	<u>719,297</u>	<u>713,238</u>	<u>-</u>	<u>58,817</u>	<u>-</u>	<u>52,758</u>	<u>52,758</u>
Total	<u>\$2,563,675</u>	<u>\$ 1,066,019</u>	<u>\$211,144</u>	<u>\$ 58,817</u>	<u>(1,280,453)</u>	<u>52,758</u>	<u>(1,227,695)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					152,958	-	152,958
Sales and use taxes, levied for general purposes					686,695	-	686,695
Franchise taxes					129,960	-	129,960
Grants and contributions not restricted to specific programs -							
State sources					72,492	-	72,492
Non-employer pension contribution					10,173	-	10,173
Interest and investment earnings					106	100	206
Miscellaneous					33,344	(11,192)	22,152
Transfers					51,780	(51,780)	-
Total general revenues and transfers					<u>1,137,508</u>	<u>(62,872)</u>	<u>1,074,636</u>
Change in net position					(142,945)	(10,114)	(153,059)
Net position - July 1, 2019					<u>1,372,763</u>	<u>1,729,571</u>	<u>3,102,334</u>
Net position - June 30, 2020					<u>\$ 1,229,818</u>	<u>\$ 1,719,457</u>	<u>\$ 2,949,275</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund -

To account for the receipt and use of proceeds of the Town's two 1% sales and use taxes. These taxes are dedicated for the purpose of constructing and purchasing municipal, fire and police department facilities and furnishings and equipment; opening, construction, and improving drains, drainage canals, and subsurface drainage; constructing, acquiring, or improving any work of public permanent improvements, and purchasing and acquiring all equipment and furnishings for public works, buildings, improvements, and facilities of the Town of Sunset.

Debt Service Fund

Debt Service Fund

To account for the payment of the principal and interest on the Town's 2010 Excess Revenue Bonds. Financing is provided from sales tax revenues.

Enterprise Fund

Utility Fund -

To account for the provision of gas, water, sewerage and limited sanitation services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF SUNSET, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2020

	General	Sales Tax Special Revenue	Debt Service Fund	Total
ASSETS				
Cash and interest-bearing demand deposits	\$ 470,932	\$ 76,383	\$ 49,232	\$ 596,547
Interest-bearing time deposits	8,241	-	-	8,241
Receivables:				
Taxes	32,375	-	-	32,375
Due from other governmental units	192,122	-	-	192,122
Due from other funds	295,510	244,972	12,000	552,482
Total assets	\$ 999,180	\$ 321,355	\$ 61,232	\$ 1,381,767
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 46,329	\$ -	\$ -	\$ 46,329
Salaries and related benefits	17,720	-	-	17,720
Contracts payable	168,223	-	-	168,223
Retainage payable	18,691	-	-	18,691
Cash bonds payable	20,360	-	-	20,360
Due to other funds	271,054	12,000	49,006	332,060
Total liabilities	542,377	12,000	49,006	603,383
Fund balances:				
Restricted for sales tax dedications	-	309,355	-	309,355
Restricted for debt service	-	-	12,226	12,226
Unassigned	456,803	-	-	456,803
Total fund balances	456,803	309,355	12,226	778,384
Total liabilities and fund balances	\$ 999,180	\$ 321,355	\$ 61,232	\$ 1,381,767

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

TOWN OF SUNSET, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances for governmental funds at June 30, 2020		\$ 778,384
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 258,190	
Buildings and improvements, net of \$880,028 accumulated depreciation	817,823	
Machinery and equipment, net of \$1,003,406 accumulated depreciation	31,514	
Vehicles, net of \$189,069 accumulated depreciation	32,593	1,140,120
The deferred outflows of expenditures for the municipal and police employees retirement systems are not a use of current resources, and therefore, are not reported in the funds		
		130,761
Long-term liabilities of governmental activities are not payable from current resources and, therefore, not reported in the funds. These liabilities consist of:		
Capital lease payable	(3,846)	
Loans payable	(31,980)	
Revenue bonds payable	(119,000)	
Net pension liability	(582,708)	
Accrued interest payable	(893)	(738,427)
The deferred inflows of contributions for the municipal and police employees retirement systems are not available resources, and therefore, are not reported in the funds		
		(81,020)
Total net position of governmental activities at June 30, 2020		\$ 1,229,818

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

TOWN OF SUNSET, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2020

	General	Sales Tax Special Revenue	Debt Service Fund	Total
Revenues:				
Taxes	\$ 282,918	\$ 686,695	\$ -	\$ 969,613
Licenses and permits	188,096	-	-	188,096
Intergovernmental	283,636	-	-	283,636
Fines and forfeits	164,685	-	-	164,685
Miscellaneous	33,344	106	-	33,450
Total revenues	952,679	686,801	-	1,639,480
Expenditures:				
Current -				
General government	510,698	8,920	-	519,618
Public safety -				
Police	670,359	-	-	670,359
Fire	155,106	-	-	155,106
Streets	134,062	-	-	134,062
Debt service -				
Principal	8,417	-	17,000	25,417
Interest and fiscal charges	2,024	-	5,637	7,661
Capital outlay	246,303	-	-	246,303
Total expenditures	1,726,969	8,920	22,637	1,758,526
Excess (deficiency) of revenues over expenditures	(774,290)	677,881	(22,637)	(119,046)
Other financing sources (uses):				
Capital-related debt issued	34,156	-	-	34,156
Transfers in	766,780	-	22,525	789,305
Transfers out	-	(737,525)	-	(737,525)
Total other financing sources (uses)	800,936	(737,525)	22,525	85,936
Net changes in fund balances	26,646	(59,644)	(112)	(33,110)
Fund balances, beginning	430,157	368,999	12,338	811,494
Fund balances, ending	\$ 456,803	\$ 309,355	\$ 12,226	\$ 778,384

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

TOWN OF SUNSET, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020

Total net changes in fund balances at June 30, 2020 per statement of revenues, expenditures and changes in fund balances	\$ (33,110)
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The change in net position reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which are considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 34,156	
Depreciation expense for the year ended June 30, 2020	(98,674)	(64,518)

Non-employer's contributions to the municipal employees and the police employees pension plans	10,173
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Proceeds from bonds, loans, and capital leases are financing sources in the
governmental funds and thus contribute to the change in fund balance.
In the statement of net position, issuing debt increases long-term
liabilities and does not affect the statement of activities. Similarly,
principal is recorded as expenditures in the repayment of governmental
funds, but reduce the liability in the statement of net position.

Loan proceeds	(34,156)	
Bond principal payment	17,000	
Loan principal payments	6,277	
Capital lease principal payments	2,140	(8,739)

Differences between the amount reported as expenses in the statement
of activities and those reported as expenditures in the fund financial
statements:

Pension expense	(46,863)	
Interest expense	112	(46,751)

Total changes in net position at June 30, 2020 per statement of activities	<u>\$ (142,945)</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2020

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing demand deposits	\$ 85,238
Accounts receivable, net	<u>45,806</u>
Total current assets	<u>131,044</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing demand deposits	148,814
Interest-bearing time deposits	27,380
Capital assets, net of accumulated depreciation	<u>2,193,773</u>
Total noncurrent assets	<u>2,369,967</u>
Total assets	<u>2,501,011</u>
LIABILITIES	
Current liabilities:	
Accounts payable	18,627
Accrued liabilities	3,010
Due to other funds	220,422
Payable from restricted assets -	
Customer deposits payable	131,495
Bonds payable	<u>19,000</u>
Total current liabilities	392,554
Noncurrent liabilities:	
Bonds payable	<u>389,000</u>
Total liabilities	<u>781,554</u>
NET POSITION	
Net investment in capital assets	1,804,773
Restricted for debt service	25,699
Unrestricted	<u>(111,015)</u>
Total net position	<u>\$ 1,719,457</u>

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

TOWN OF SUNSET, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund
 For the Year Ended June 30, 2020

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 212,340
Water charges	248,759
Sewer service charges	177,092
Miscellaneous	<u>75,047</u>
Total operating revenues	<u>713,238</u>
Operating expenses:	
Salaries	133,434
Payroll taxes	13,383
Retirement	(31,000)
Meter reading	9,720
Gas purchases	50,080
Survey and analysis expense	15,532
Materials and supplies	78,017
State mandated water fee	12,896
Office supplies and postage	7,745
Repairs and maintenance	100,894
Insurance	39,103
Utilities	48,166
Telephone	9,082
Internet	11,851
Auto expense	5,673
Accounting and audit	28,574
Engineering	29,417
Contract labor	17,958
Miscellaneous	9,789
Depreciation	<u>128,983</u>
Total operating expenses	<u>719,297</u>
Operating loss	<u>(6,059)</u>

(continued)

TOWN OF SUNSET, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2020

	<u>Enterprise Fund</u>
Nonoperating revenues (expenses):	
Interest income	100
Interest expense	<u>(11,192)</u>
Total nonoperating revenues (expenses)	<u>(11,092)</u>
Loss before contributions and transfers	(17,151)
Capital contributions	58,817
Transfers out	<u>(51,780)</u>
Change in net position	(10,114)
Net position, beginning	<u>1,729,571</u>
Net position, ending	<u>\$ 1,719,457</u>

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

TOWN OF SUNSET, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2020

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 724,045
Payments to suppliers	(475,174)
Payments to employees	<u>(168,311)</u>
Net cash provided by operating activities	<u>80,560</u>
Cash flows from noncapital financing activities:	
Cash received by other funds	55,274
Increase in customer deposits payable	23,970
Transfers to other funds	<u>(51,780)</u>
Net cash provided by noncapital financing activities	<u>27,464</u>
Cash flows from capital and related financing activities:	
Payments on loan payable	(17,000)
Grants received	218,204
Interest paid on loan	(11,192)
Acquisition of property, plant and equipment	<u>(214,487)</u>
Net cash used in capital and related financing activities	<u>(24,475)</u>
Cash flows from investing activities:	
Maturities of interest-bearing time deposits	27,285
Purchase of interest-bearing time deposits	(27,380)
Interest on interest-bearing deposits	<u>100</u>
Net cash provided by investing activities	<u>5</u>
Net increase in cash and cash equivalents	83,554
Cash and cash equivalents, beginning of period	<u>150,498</u>
Cash and cash equivalents, end of period	<u>\$ 234,052</u>

(continued)

TOWN OF SUNSET, LOUISIANA

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2020

	<u>Enterprise Fund</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (6,059)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	128,983
Pension expense (recovery)	(31,000)
Provision for uncollectible accounts	12
Changes in current assets and liabilities:	
Increase in accounts receivable	(10,795)
Decrease in accounts payable	(820)
Increase in accrued liabilities	239
Net cash provided by operating activities	<u>\$ 80,560</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 42,626
Cash - restricted	<u>107,872</u>
Total cash and cash equivalents	<u>150,498</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	85,238
Cash - restricted	<u>148,814</u>
Total cash and cash equivalents	<u>234,052</u>
Net increase in cash and cash equivalents	<u>\$ 83,554</u>

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Sunset (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A Financial Reporting Entity

The Town of Sunset was incorporated in 1909 under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property.
2. Whether the primary government's governing authority appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

The Town of Sunset is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated since funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type: and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Several funds of the Town are considered to be major funds and are described below:

Governmental Funds -

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 Fund

Sales Tax Fund -

The Sales Tax Fund is used to account for the proceeds of two one percent sales and use taxes that are legally restricted to expenditures for specific purposes.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Debt Service Fund

The Debt Service Fund is used to account for the payment of the principal and interest on the Town's 2010 Excess Revenue Bonds.

Proprietary Fund

Enterprise Fund -

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town applies all applicable principles under the Governmental Accounting Standards Board (GASB) in accounting and reporting for its enterprise fund. The Town's enterprise fund is the Utility Fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposits with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicates the uncollectibility of the receivable. Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the adjustment of an allowance account to the balance of individual accounts over 90 days old at the end of each fiscal year. The allowance for uncollectible utility receivables was \$35,893 at June 30, 2020. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are estimated and recorded at June 30, 2020.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The Town of Sunset maintains a threshold level of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives is as follows:

Buildings and improvements	5 - 20 years
Machinery and equipment	3 - 15 years
Vehicles	5 - 10 years
Utility system and extensions	5 - 30 years

Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable, note payable, capital lease payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures of revenues, respectively. At June 30, 2020, the Town's deferred outflows and inflows of resources are attributable to its pension plans.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows or resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

- c. Unrestricted net position – Net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Town’s Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Town.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town’s adopted policy, only the Mayor and Board of Aldermen may assign amounts for specified purposes.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in his commitment or assignment actions. Enterprise (Utility) Fund equity at the fund level is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character
- Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 11
Gas, water, and sewer revenue	Utility operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service. Vacation and sick leave must be taken in the year accrued and cannot be carried over. Full time employees are eligible for 10 days of sick time per fiscal year. Employees who resign or retire, or who are dismissed from employment, shall not be paid for any accrued sick leave and all such leave shall be cancelled.

H. Capitalization of Interest Expense

It is the policy of the Town of Sunset to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2020, there was no material interest paid on borrowings for assets under construction, and therefore, no capitalized interest expense was recorded on the books.

I. Use of Estimates

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(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 taxpayers in December. Billed taxes become delinquent on January 1 of the following year.

For the year ended June 30, 2020, taxes of 5.91 mills were levied on property with assessed valuations totaling \$24,330,500 and were dedicated for general corporate purposes. Total taxes levied were \$143,794. Taxes receivable at June 30, 2020 was \$4,055. The allowance for uncollectible accounts was \$2,207 at June 30, 2020; therefore, the net taxes receivable is \$1,848 at June 30, 2020.

(3) Sales and Use Tax

Proceeds of the two 1 percent sales and use taxes (accounted for in the Sales Tax Fund) levied by the Town of Sunset (2020 collections \$686,695) are dedicated to the following purposes:

Constructing and purchasing municipal, fire and police department facilities, furnishings and equipment; opening, construction, and improving drains, drainage canals, and subsurface drainage; constructing, acquiring, or improving any work of public permanent improvements, and purchasing and acquiring all equipment and furnishings for public works, buildings, improvements, and facilities of the Town of Sunset.

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2020, the Town had cash and interest-bearing deposits (book balances) totaling \$866,220 as follows:

Non interest-bearing deposits	\$ 686,044
Interest-bearing deposits	144,555
Time deposits	<u>35,621</u>
Total	<u>\$ 866,220</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. 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 similar federal security 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 bank. These securities are held in the name of the Town or the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deposit balances (bank balances) at June 30, 2020 were secured as follows:

Bank balances	<u>\$942,773</u>
Federal deposit insurance	500,000
Pledged securities	<u>442,773</u>
Total insured and secured bank balances	<u>\$942,773</u>

Deposits in the amount of \$442,773 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand. The Town does not have a policy for custodial credit risk.

(5) Receivables

Receivables at June 30, 2020 consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ -	\$ 22,788	\$ 22,788
Unbilled utility	-	23,018	23,018
Ad valorem taxes	1,848	-	1,848
Franchise taxes	<u>30,527</u>	<u>-</u>	<u>30,527</u>
Totals	<u>\$ 32,375</u>	<u>\$ 45,806</u>	<u>\$ 78,181</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2020 consisted of the following:

General Fund:

Amount due from the Louisiana Division of Administration Facility Planning and Control for street improvements, planning and construction project completed as of June 2020	\$ 145,500
Amount due from St. Landry Parish Solid Waste Disposal District grant for street improvements, planning and construction project completed as of June 30, 2020	40,908
Amount due from State of Louisiana for beer tax revenue earned through June 2020	1,495
Amount due from State of Louisiana for racino revenue earned through June 2020	<u>4,219</u>
Total	<u>\$ 192,122</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Restricted Assets - Proprietary Fund

Restricted assets in the business-type activities consisted of the following: customers' deposits \$131,495, sinking fund \$7,732, reserve fund \$19,004, and contingency fund \$17,963.

(8) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 46,329	\$ 18,627	\$ 64,956
Contracts payable	168,223	-	168,223
Retainage payable	18,691	-	18,691
Accrued salaries and benefits	17,720	3,010	20,730
Accrued interest	893	-	893
Cash bonds payable	<u>20,360</u>	<u>-</u>	<u>20,360</u>
Totals	<u>\$ 272,216</u>	<u>\$ 21,637</u>	<u>\$293,853</u>

(9) Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance 07/01/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/20</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 224,034	\$ 34,156	\$ -	\$ 258,190
Other capital assets:				
Buildings and improvements	1,697,851	-	-	1,697,851
Machinery and equipment	1,034,920	-	-	1,034,920
Vehicles	<u>221,662</u>	<u>-</u>	<u>-</u>	<u>221,662</u>
Totals	<u>3,178,467</u>	<u>34,156</u>	<u>-</u>	<u>3,212,623</u>
Less accumulated depreciation				
Buildings and improvements	815,031	64,997	-	880,028
Machinery and equipment	990,304	13,102	-	1,003,406
Vehicles	<u>168,494</u>	<u>20,575</u>	<u>-</u>	<u>189,069</u>
Total accumulated depreciation	<u>1,973,829</u>	<u>98,674</u>	<u>-</u>	<u>2,072,503</u>
Governmental activities, capital assets, net	<u>\$1,204,638</u>	<u>\$ (64,518)</u>	<u>\$ -</u>	<u>\$1,140,120</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 07/01/19	Additions	Deletions	Balance 06/30/20
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 75,210	\$ -	\$ -	\$ 75,210
Construction in progress	493,685	15,240	508,925	-
Other capital assets:				
Utility system and extensions	7,135,914	508,925	-	7,644,839
Machinery and equipment	45,021	12,950	-	57,971
Vehicles	36,589	-	-	36,589
Totals	<u>7,786,419</u>	<u>537,115</u>	<u>508,925</u>	<u>7,814,609</u>
Less accumulated depreciation				
Utility system and extensions	5,420,748	124,015	-	5,544,763
Machinery and equipment	44,016	2,968	-	46,984
Vehicles	27,089	2,000	-	29,089
Total accumulated depreciation	<u>5,491,853</u>	<u>128,983</u>	<u>-</u>	<u>5,620,836</u>
Business-type activities, capital assets, net	<u>\$2,294,566</u>	<u>\$ 408,132</u>	<u>\$ 508,925</u>	<u>\$2,193,773</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 64,122
Police	27,094
Fire	6,594
Streets	864
Total depreciation expense-governmental activities	<u>\$ 98,674</u>

Depreciation expense was charged to business-type activities as follows:

Gas system	\$ 4,943
Water system	87,417
Sewer system	36,623
Total depreciation expense-business-type activities	<u>\$128,983</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Long-term Debt

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

	Governmental Activities			Business-type Activities
	Revenue Bonds	Loans Payable	Capital Lease	Revenue Bonds
Long-term liabilities, July 1, 2019	\$136,000	\$ 4,101	\$ 5,986	\$ 425,000
Additions	-	34,156	-	-
Deletions	(17,000)	(6,277)	(2,140)	(17,000)
Long-term liabilities, June 30, 2020	<u>\$119,000</u>	<u>\$31,980</u>	<u>\$ 3,846</u>	<u>\$ 408,000</u>

Long-term debt at June 30, 2020 is comprised of the following:

	Total	Current Portion
Governmental Activities:		
Revenue Bonds Payable -		
\$250,000 Excess Revenue Bonds, Series 2010 due in annual installments ranging from \$14,000 to \$23,000 through November 1, 2025; interest at 3.5% to 4.85%; secured by a pledge of and payable solely from the proceeds of sales tax revenues.	\$119,000	\$17,000
Loans Payable -		
\$40,101 noninterest bearing loan payable to the Town of Grand Coteau due in annual installments of \$6,000, with one final installment of \$4,101 due in 2020, secured by excess General Fund and sales tax revenues.	4,101	4,101
\$34,156 loan payable to the St. Landry Parish School Board, due in annual installments of principal and interest (imputed at 3.5%) of \$7,600, maturing July 1, 2023, secured by land having a carrying value of \$34,156.	27,879	6,608
Capital Lease Payable -		
\$4,387 equipment lease dated March 25, 2019 due in monthly installments of \$104 through 2024, secured by excess General Fund revenues and an asset with a carrying value of \$3,363 at June 30, 2020. Amortization in the amount of \$877 is included in the depreciation expense for the year ended June 30, 2020.	3,846	782
Total governmental activities	<u>\$154,826</u>	<u>\$28,491</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Business-Type Activities:

Utility Revenue Bonds Payable -

\$440,000 Taxable Utility Revenue Bonds, Series 2017 due in annual installments ranging from \$17,000 to \$27,000 through October 1, 2037; interest at 1.95%; secured by excess utility revenues.

\$408,000 \$19,000

The annual requirements to amortize the outstanding debt as of June 30, 2020 are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 28,491	\$ 6,461	\$ 19,000	\$ 7,732
2022	25,735	5,385	19,000	7,361
2023	27,103	4,217	19,000	6,991
2024	28,497	2,950	20,000	6,611
2025	22,000	1,633	20,000	6,221
2026-2030	23,000	558	109,000	25,019
2031-2035	-	-	122,000	13,796
2036-2038	-	-	80,000	2,340
Total	<u>\$ 154,826</u>	<u>\$ 21,204</u>	<u>\$ 408,000</u>	<u>\$ 76,071</u>

(11) Flow of Funds; Restrictions on Use –Sales Tax Revenues and Utilities

Sales Tax Revenue Bonds -

Under the terms of the \$250,000 excess revenue bonds issued on November 22, 2010, a portion of the sales tax revenues from the Sales Tax Fund are pledged and dedicated to the retirement of the said bonds, and are to be set aside into the following special fund:

Each month, there will be set aside into a fund called the “Bond and Interest Sinking Fund” the amount of \$1,920. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Utility Revenue Bonds –

Under the terms of the \$440,000 taxable utility revenue bonds, issued on December 23, 2017, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the “Town of Sunset Bond Sinking Fund” (the “Sinking Fund”) a sum equal to 1/6 of the interest falling due on the next interest payment date, and a sum equal to 1/12 of the principal falling due on the next principal date on all bonds payable from the Sinking Fund. Transfers from the Sinking Fund should be made to the paying agent bank at least three (3) days in advance of the date on which the payment of principal or interest falls due.

There shall also be set aside into a “Town of Sunset Utilities Revenue Bond Reserve Fund” (the “Reserve Fund”) a sum equal to 25% of the amount required to be paid into the Sinking Fund for each month until such time as there has been accumulated therein a sum equal to the Reserve Fund requirement of \$14,280 through 2034; and \$13,763 thereafter. Such amounts may be used only for the payment of maturing bonds and interest on all bonds payable from the Sinking Fund as to which there would otherwise be default.

Funds will also be set aside into a “Town of Sunset Utilities Depreciation and Contingencies Fund” (the “Contingencies Fund”), a sum equal to 5% of the net revenues of the preceding month, before the 20th day of each month. Such payments shall continue until there has been accumulated in the Contingencies Fund, the sum of \$60,000. Money in this fund may be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System. However, if the balance is reduced below \$60,000, such payments shall be resumed and continued until the said maximum amount is again accumulated.

(12) Employee Retirement Systems

The Town participates in two cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all Town employees participate in one of the following retirement systems. The systems' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Plan Descriptions:

Municipal Employees' Retirement Systems (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The Government participates in Plan A.

State of Louisiana - Municipal Police Employees' Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:2211 and 11:2220.

A brief summary of eligibility and benefits of the plans are provided in the following table:

	<u>MERS</u>	<u>MPERS</u>
Final average salary	Final average compensation	Highest 36 months or 60 months ²
Years of service required and/or age eligible for benefits	25 years of any age 10 years age 60 20 years any age ¹	25 years of any age 20 years age 55 12 years age 55 20 years any age ¹ 30 years any age ³ 25 years age 55 ³ 10 years age 60 ³
Benefit percent per years of service	3.00%	2.50 - 3.33% ⁴

¹ With actuarial reduced benefits

² Membership commencing January 1, 2013

³ Under non hazardous duty sub plan commencing January 1, 2013

⁴ Membership commencing January 1, 2013 non hazardous duty plan 2.5%, hazardous duty plan 3.0%, membership prior to January 1, 2013 3.33%.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Contributions of employees, employers, and non-employer contributing entities effective for the year ended June 30, 2020 for the defined benefit pension plans in which the Town is a participating employer were as follows:

<u>Plan</u>	<u>Active Member Contribution Percentage</u>	<u>Employer Contribution Percentage</u>	<u>Nonemployer Contributing Entities</u>	<u>Government Contributions</u>
MERS	9.50%	27.75%	\$ 6,378	\$ 33,701
MPERS	10.00%	32.25%	\$ 3,795	\$ 19,305

Net Pension Liability

The Town's net pension liability at June 30, 2020 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the Town is a participating employer. The Town's net pension liability for each plan was measured as of the plan's measurement date (June 30, 2019 for both plans) 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 proportionate share of the net pension liability for each of the plans in which it participates was based on the Town's required contributions in proportion to total required contributions for all employers. As of the most recent measurement date, the Town's proportion for each plan and the change in proportion from the prior measurement date were as follows:

<u>Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Proportionate Share (%) of Net Pension Liability</u>	<u>Increase/(Decrease) from Prior Measurement Date</u>
MERS	\$ 415,296	0.099385%	-0.024364%
MPERS	167,412	0.018434%	-0.001074%
Total	<u>\$ 582,708</u>		

Since the measurement date of the net pension liability was June 30, 2019, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows:

- MERS - <http://www.mersla.com/>
- MPERS - <http://lampers.org/>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the primary government is a participating employer:

	MERS	MPERS
Date of experience study on which significant assumptions are based	7/1/2013 - 6/30/2018	7/1/2009 - 6/30/2014
Expected remaining service lives	3	4
Inflation Rate	2.500%	2.50%
Projected salary increases	4.5% - 6.4%	4.25% - 9.75%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(4), (5)

- (1) PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales
- (2) PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using their respective male and female MP2018 scales
- (3) PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale
- (4) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by scale AA (set back 1 year for females) for healthy annuitants and beneficiaries
- (5) RP-2000 Employee Table set back 4 years for males and set back 3 years for females for active members

Cost of Living Adjustments

The pension plans in which the Town participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis.

Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS and MPERS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

Discount Rate

The discount rates used to measure the Town's total pension liability for each plan and the significant assumptions used in the determination of the discount rate for each plan are as follows:

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

	<u>MERS</u>	<u>MPERS</u>
Discount rate	7.000%	7.125%
Change in discount rate from prior valuation	-0.27%	-0.075%
Plan cash flow assumptions	(1)	(1)
Rates incorporated in the Discount Rate:		
Long-term Rate of Return	7.000%	7.125%
Periods applied	All	All
Municipal Bond Rate	N/A	N/A

*Plan Cash Flow Assumptions:

- 1) Plan member contributions will be made at the current contributions rates and sponsor contributions will be made at the actuarially determined rates.

The discount rates used to measure the Town's total pension liability for each plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MERS and MPERS, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following tables:

<u>Asset Class</u>	<u>MERS*</u>		<u>MPERS*</u>	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	35%	1.51%	34%	0.80%
Equities	50%	2.15%	49%	3.28%
Alternative Investments	15%	0.64%	18%	1.06%
Totals	<u>100%</u>	<u>4.30%</u>	<u>100%</u>	<u>5.14%</u>
Inflation		<u>2.70%</u>		<u>2.75%</u>
Expected Nominal Return		<u>7.00%</u>		<u>7.89%</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over several years. For the year ended June 30, 2020, the Town recognized \$39,953 and \$28,860 in pension expense related to the MERS and MPERS defined benefit plans, respectively.

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

	Deferred Outflows of Resources		
	MERS	MPERS	Total
Differences between expected and actual experiences	\$ -	\$ 351	\$ 351
Changes of assumptions	10,495	9,381	19,876
Net difference between projected and actual earnings on pension plan investments	41,187	10,876	52,063
Change in proportion and differences between employer contributions and proportionate share of contributions	-	5,521	5,521
Employer contributions subsequent to the measurement date	33,645	19,305	52,950
Total	<u>\$ 85,327</u>	<u>\$ 45,434</u>	<u>\$ 130,761</u>

	Deferred Inflows of Resources		
	MERS	MPERS	Total
Differences between expected and actual experiences	\$ 10,133	\$ 5,151	\$ 15,284
Change in proportion and differences between employer contributions and proportionate share of contributions	59,381	6,355	65,736
Total	<u>\$ 69,514</u>	<u>\$ 11,506</u>	<u>\$ 81,020</u>

Deferred outflows of resources of \$52,950 resulting from the employer contributions subsequent to the measurement date will be recognized as pension expense during the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	MERS	MPERS	Total
6/30/2021	\$ (7,493)	\$ 10,629	\$ 3,136
6/30/2022	(19,054)	(683)	(19,737)
6/30/2023	5,260	1,964	7,224
6/30/2024	3,455	2,713	6,168
	<u>\$ (17,832)</u>	<u>\$ 14,623</u>	<u>\$ (3,209)</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Sensitivity of the Government's Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the Government's proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the Government's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>Net Pension Liability</u>		
		<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
MERS	7.000%	\$ 541,472	\$ 415,296	\$ 308,619
MPERS	7.125%	<u>233,260</u>	<u>167,412</u>	<u>112,172</u>
Total		<u>\$ 774,732</u>	<u>\$ 582,708</u>	<u>\$ 420,791</u>

Payables to the Pension Plans

At June 30, 2020, the Town's payables were \$3,250 and \$1,939 to MERS and MPERS, respectively, for the month of June 2020, which were the contractually required contributions.

(13) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen and firemen \$24,400 and \$12,000, respectively, of supplemental pay during the year ended June 30, 2020. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(14) Operating Lease

In November 2016, the Town entered into an operating lease for a copier. The initial term of the lease is for five years commencing on the effective date and ending on November 2020 at a rate of \$75 per month. Lease expense related to the copier totaled \$900 for the year ended June 30, 2020.

Future minimum lease payments are \$375 for the year ended June 30, 2021.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2020:

	<u>Receivable</u>	<u>Payable</u>
Major funds:		
Governmental funds:		
General Fund	\$295,510	\$271,054
Sales Tax Special Revenue Fund	244,972	12,000
Debt Service Fund	12,000	49,006
Proprietary fund:		
Utility Fund	-	220,422
Total	\$552,482	\$552,482

Transfers are recorded in the year in which they were budgeted. However, the amounts are not always paid in that same year. These balances are expected to be paid within the next fiscal year.

B. Interfund Transfers

Interfund transfers consisted of the following at June 30, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
Governmental funds:		
General Fund	\$766,780	\$ -
Sales Tax Special Revenue Fund	-	737,525
Debt Service Fund	22,525	-
Proprietary fund:		
Utility Fund	-	51,780
Total	\$789,305	\$789,305

Transfers are made to the General Fund for the normal operations of the Town. The amounts each fund will transfer are calculated as part of the budget preparation process. These amounts reflect each fund's proportionate share of expenses paid out of the General Fund.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(17) Pending Litigation

At June 30, 2020, the Town is involved in certain lawsuits arising from the normal course of operations, which have been referred to the Town's insurance provider. In the opinion of the Town's legal counsel, the Town has no liability in excess of insurance coverage.

(18) Compensation of Board of Alderman

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2020 follows:

Aldermen:

Bernice Smith	\$ 6,825
Mark Pitre	5,100
Rashida Charlot	5,650
Robert L. Carmouche	6,150
Jarrold Shaw	5,650
Whitney Broussard II	1,050
	<u>\$ 30,425</u>

(19) Schedule of Compensation, Reimbursements Benefits, and Other Payments to Entity Head

Under Act 706, the Town of Sunset is required to disclose the compensation, reimbursements, benefits, and other payments made to the Mayor. The following is a schedule of payments made to the Mayor for the year ended June 30, 2020:

Salary	\$10,200
Registration fees	495
Conference travel	484
Lodging	133

(20) Subsequent Event

As a result of the spread of the COVID 19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Town's ongoing activities. The extent and severity of the potential impact on future operations is unknown at this time.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 275,000	\$ 278,195	\$ 282,918	\$ 4,723
Licenses and permits	125,000	147,553	188,096	40,543
Intergovernmental	258,458	269,498	283,636	14,138
Fines and forfeits	305,000	125,403	164,685	39,282
Miscellaneous	21,250	19,334	33,344	14,010
Total revenues	<u>984,708</u>	<u>839,983</u>	<u>952,679</u>	<u>112,696</u>
Expenditures:				
General government	501,258	493,212	510,698	(17,486)
Public safety -				
Police	730,711	651,476	670,359	(18,883)
Fire	163,310	161,825	155,106	6,719
Streets	220,357	138,756	134,062	4,694
Debt service	1,599	10,441	10,441	-
Capital outlay	200,000	208,016	246,303	(38,287)
Total expenditures	<u>1,817,235</u>	<u>1,663,726</u>	<u>1,726,969</u>	<u>(63,243)</u>
Deficiency of revenues over expenditures	<u>(832,527)</u>	<u>(823,743)</u>	<u>(774,290)</u>	<u>49,453</u>
Other financing sources:				
Proceeds from loan	-	34,156	34,156	-
Transfers in	810,000	800,000	766,780	(33,220)
Total other financing sources	<u>810,000</u>	<u>834,156</u>	<u>800,936</u>	<u>(33,220)</u>
Net change in fund balance	(22,527)	10,413	26,646	16,233
Fund balance, beginning	<u>430,157</u>	<u>430,157</u>	<u>430,157</u>	<u>-</u>
Fund balance, ending	<u>\$ 407,630</u>	<u>\$ 440,570</u>	<u>\$ 456,803</u>	<u>\$ 16,233</u>

TOWN OF SUNSET, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 655,000	\$ 604,314	\$ 686,695	\$ 82,381
Miscellaneous - interest and other	250	118	106	(12)
Total revenues	<u>655,250</u>	<u>604,432</u>	<u>686,801</u>	<u>82,369</u>
Expenditures:				
General government -				
Collection fees	6,550	5,744	5,849	(105)
Professional fees	4,000	3,100	3,055	45
Office expense	100	100	16	84
Total general government	<u>10,650</u>	<u>8,944</u>	<u>8,920</u>	<u>24</u>
Excess of revenues over expenditures	644,600	595,488	677,881	82,393
Other financing uses:				
Transfers out	<u>(678,156)</u>	<u>(678,156)</u>	<u>(737,525)</u>	<u>(59,369)</u>
Net change in fund balance	(33,556)	(82,668)	(59,644)	23,024
Fund balance, beginning	<u>368,999</u>	<u>368,999</u>	<u>368,999</u>	<u>-</u>
Fund balance, ending	<u>\$ 335,443</u>	<u>\$ 286,331</u>	<u>\$ 309,355</u>	<u>\$ 23,024</u>

TOWN OF SUNSET, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2020

<u>Plan</u>	<u>Year Ended June 30,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
MERS	2020	\$ 415,296	0.099390%	\$ 183,981	225.73%	64.68%
	2019	512,405	0.123749%	227,885	224.85%	63.94%
	2018	525,325	0.125573%	228,047	230.36%	62.49%
	2017	540,435	0.131855%	235,886	229.11%	62.11%
	2016	438,193	0.122669%	209,368	209.29%	66.18%
	2015	317,185	0.123589%	185,377	171.10%	73.99%
MPERS	2020	\$ 167,412	0.184340%	\$ 57,570	290.80%	71.01%
	2019	164,922	0.019508%	57,570	286.47%	71.89%
	2018	161,888	0.018543%	57,570	281.20%	70.08%
	2017	164,999	0.017604%	49,311	334.61%	66.04%
	2016	144,419	0.018435%	49,311	292.87%	70.73%
	2015	118,509	0.018943%	48,937	242.17%	75.10%

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

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

TOWN OF SUNSET, LOUISIANA

Schedule of Employer Pension Contributions
For the Year Ended June 30, 2020

<u>Plan</u>	<u>Year Ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
MERS	2020	\$ 33,645	\$ 33,645	-	\$ 121,446	27.70%
	2019	47,835	47,835	-	183,981	26.00%
	2018	56,402	56,402	-	227,885	24.75%
	2017	51,881	51,881	-	228,047	22.75%
	2016	46,589	46,589	-	235,886	19.75%
	2015	41,350	41,350	-	209,368	19.75%
MPERS	2020	\$ 19,305	\$ 19,305	-	\$ 59,401	32.50%
	2019	18,566	18,566	-	57,570	32.25%
	2018	17,703	17,703	-	57,570	30.75%
	2017	18,279	18,279	-	57,570	31.75%
	2016	14,547	14,547	-	49,311	29.50%
	2015	15,533	15,533	-	49,311	31.50%

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

TOWN OF SUNSET, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Clerk submits, no later than 15 days prior to the beginning of each fiscal year, to the Mayor and Board of Aldermen a proposed operating budget.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. 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.
5. 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.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

(2) Excess Expenditures Over Appropriations

For the year ended June 30, 2020, the General Fund had actual expenditures over appropriations as follows:

	Final Budget	Actual	Excess
General government	\$493,212	\$510,698	\$ (17,486)
Public safety - police	651,476	670,359	(18,883)
Capital outlay	208,016	246,303	(38,287)

(3) Pension Plans

Changes of Assumptions - 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 plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plans.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SUNSET, LOUISIANA

Statement of Net Position
June 30, 2020
With Comparative Totals for June 30, 2019

	2020			2019 Totals
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and interest-bearing demand deposits	\$ 596,547	\$ 85,238	\$ 681,785	\$ 707,660
Investments	8,241	-	8,241	8,951
Receivables, net	32,375	45,806	78,181	71,291
Internal balances	220,422	(220,422)	-	-
Due from other governmental units	192,122	-	192,122	171,715
Total current assets	<u>1,049,707</u>	<u>(89,378)</u>	<u>960,329</u>	<u>959,617</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing demand deposits	-	148,814	148,814	107,872
Interest-bearing time deposits	-	27,380	27,380	26,225
Capital assets, net	1,140,120	2,193,773	3,333,893	3,499,204
Total noncurrent assets	<u>1,140,120</u>	<u>2,369,967</u>	<u>3,510,087</u>	<u>3,633,301</u>
Total assets	<u>2,189,827</u>	<u>2,280,589</u>	<u>4,470,416</u>	<u>4,592,918</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>130,761</u>	<u>-</u>	<u>130,761</u>	<u>188,954</u>
LIABILITIES				
Current liabilities:				
Accounts, salaries and other payables	272,216	21,637	293,853	284,695
Customers deposits payable	-	131,495	131,495	107,525
Capital lease payable	782	-	782	2,417
Loans payable	10,709	-	10,709	4,101
Bonds payable	17,000	19,000	36,000	33,000
Total current liabilities	<u>300,707</u>	<u>172,132</u>	<u>472,839</u>	<u>431,738</u>
Noncurrent liabilities:				
Capital lease payable	3,064	-	3,064	3,569
Loans payable	21,271	-	21,271	-
Bonds payable	102,000	389,000	491,000	528,000
Net pension liability	582,708	-	582,708	677,327
Total noncurrent liabilities	<u>709,043</u>	<u>389,000</u>	<u>1,098,043</u>	<u>1,208,896</u>
Total liabilities	<u>1,009,750</u>	<u>561,132</u>	<u>1,570,882</u>	<u>1,640,634</u>
DEFERRED INFLOWS OF RESOURCES	<u>81,020</u>	<u>-</u>	<u>81,020</u>	<u>38,904</u>
NET POSITION				
Net investment in capital assets	989,395	1,804,773	2,794,168	2,922,308
Restricted for sales tax dedications	309,355	-	309,355	368,999
Restricted for debt service	11,333	25,699	37,032	20,905
Unrestricted (deficit)	<u>(80,265)</u>	<u>(111,015)</u>	<u>(191,280)</u>	<u>(209,878)</u>
Total net position	<u>\$ 1,229,818</u>	<u>\$ 1,719,457</u>	<u>\$ 2,949,275</u>	<u>\$ 3,102,334</u>

TOWN OF SUNSET, LOUISIANA
General and Special Revenue Funds

Balance Sheet
June 30, 2020
With Comparative Totals for June 30, 2019

	General		Sales Tax Special Revenue	
	2020	2019	2020	2019
ASSETS				
Cash and interest-bearing demand deposits	\$ 470,932	\$482,718	\$ 76,383	\$120,971
Interest-bearing time deposits	8,241	7,891	-	-
Receivables:				
Ad valorem taxes	1,848	2,218	-	-
Franchise taxes	30,527	29,192	-	-
Due from other governmental units	192,122	12,328	-	-
Due from other funds	295,510	228,436	244,972	248,028
Other	-	4,858	-	-
Total assets	\$ 999,180	\$767,641	\$321,355	\$368,999
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 46,329	\$ 32,421	\$ -	\$ -
Salaries and related benefits	17,720	23,144	-	-
Contracts payable	168,223	-	-	-
Retainage payable	18,691	-	-	-
Cash bonds payable	20,360	19,610	-	-
Due to other funds	271,054	262,309	12,000	-
Total liabilities	542,377	337,484	12,000	-
Fund balances -				
Restricted:				
Sales tax dedications	-	-	309,355	368,999
Unassigned	456,803	430,157	-	-
Total fund balances	456,803	430,157	309,355	368,999
Total liabilities and fund balances	\$ 999,180	\$767,641	\$321,355	\$368,999

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020			Variance with Final Budget Positive (Negative)	2019 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 135,000	\$ 140,062	\$ 143,665	\$ 3,603	\$ 141,858
Payments in lieu of taxes	10,000	9,293	9,293	-	-
Franchise -					
Electric	125,000	125,116	126,028	912	122,163
Cable television	2,100	2,074	1,851	(223)	1,730
Telephone	2,900	1,650	2,081	431	3,134
Total taxes	<u>275,000</u>	<u>278,195</u>	<u>282,918</u>	<u>4,723</u>	<u>268,885</u>
Licenses and permits	<u>125,000</u>	<u>147,553</u>	<u>188,096</u>	<u>40,543</u>	<u>178,455</u>
Intergovernmental:					
State of Louisiana -					
Beer taxes	5,168	4,511	5,065	554	4,960
Fire insurance rebate	9,400	8,985	18,142	9,157	9,220
Racino income	32,500	29,189	31,427	2,238	43,343
On-behalf payments	36,000	36,420	36,000	(420)	37,583
Grass cutting	5,890	5,890	5,890	-	3,245
State grants	145,500	144,503	146,203	1,700	-
St Landry Parish SW Disposal District	<u>24,000</u>	<u>40,000</u>	<u>40,909</u>	<u>909</u>	<u>-</u>
Total intergovernmental	<u>258,458</u>	<u>269,498</u>	<u>283,636</u>	<u>14,138</u>	<u>98,351</u>
Fines and forfeits					
Court fines	130,000	73,134	100,101	26,967	118,964
Step tickets	<u>175,000</u>	<u>52,269</u>	<u>64,584</u>	<u>12,315</u>	<u>151,416</u>
Total fines and forfeits	<u>305,000</u>	<u>125,403</u>	<u>164,685</u>	<u>39,282</u>	<u>270,380</u>
Miscellaneous:					
Community Center	4,000	5,787	6,340	553	4,900
Donations	9,000	5,129	5,865	736	6,778
Proceeds from sale of capital assets	-	-	10,954	10,954	-
Interest income	250	50	38	(12)	38
Other miscellaneous revenue	<u>8,000</u>	<u>8,368</u>	<u>10,147</u>	<u>1,779</u>	<u>20,581</u>
Total miscellaneous	<u>21,250</u>	<u>19,334</u>	<u>33,344</u>	<u>14,010</u>	<u>32,297</u>
Total revenues	<u>\$984,708</u>	<u>\$ 839,983</u>	<u>\$ 952,679</u>	<u>\$ 112,696</u>	<u>\$ 848,368</u>

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020			Variance with Final Budget Positive (Negative)	2019 Actual
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Salaries - Mayor and council	\$ 42,000	\$ 39,167	\$ 40,625	\$ (1,458)	\$ 45,875
Salaries - clerical	122,414	118,499	116,624	1,875	117,325
Payroll taxes	12,578	11,983	11,696	287	12,138
Retirement	29,666	32,093	31,290	803	28,546
Office supplies and postage	32,500	35,535	36,193	(658)	36,858
Conventions and meetings	5,500	18,671	18,523	148	9,691
Advertising and publications	2,500	1,848	2,385	(537)	2,182
Preparation of tax roll	5,950	6,053	6,053	-	5,933
Insurance	105,000	92,679	95,343	(2,664)	107,117
Legal and professional	40,000	27,759	30,334	(2,575)	34,190
Accounting and audit	18,000	13,912	13,710	202	16,210
Consulting	14,500	37,162	53,634	(16,472)	62,743
Miscellaneous	6,000	6,945	6,347	598	4,782
Repairs and maintenance	6,500	8,717	7,327	1,390	11,403
Telephone	22,750	27,185	27,505	(320)	27,144
Utilities	8,000	11,537	7,015	4,522	7,526
Coroner's fees	3,000	2,667	2,200	467	5,800
Message board	8,000	-	-	-	-
Community Center	-	-	3,094	(3,094)	3,400
Rent expense	1,400	800	800	-	940
Beautification	10,000	-	-	-	-
Website development	5,000	-	-	-	-
Total general government	<u>501,258</u>	<u>493,212</u>	<u>510,698</u>	<u>(17,486)</u>	<u>539,803</u>
Public safety - police -					
Salaries	381,100	363,084	381,891	(18,807)	358,457
On-behalf salaries	24,000	24,000	24,400	(400)	25,583
Payroll taxes	29,839	29,531	40,744	(11,213)	28,928
Retirement	19,272	25,965	19,305	6,660	18,566
Accounting and audit	3,250	2,512	2,476	36	2,911
Office supplies	17,500	13,488	13,572	(84)	12,613
Materials and supplies	10,000	4,143	3,180	963	11,374
Drug testing	1,100	792	663	129	939
Utilities	3,400	1,923	2,042	(119)	3,234
Repairs and maintenance	4,000	2,988	3,329	(341)	3,225
Auto expense	30,000	32,431	32,593	(162)	30,129
Gasoline	17,000	17,623	15,667	1,956	14,405
Uniforms	3,500	2,251	2,421	(170)	8,543
Insurance	105,000	92,679	94,799	(2,120)	106,521
Telephone	17,250	15,008	13,117	1,891	14,669
Conventions and meetings	1,000	1,225	919	306	2,220
Prisoner meals	1,000	231	295	(64)	455
Radio and radar expense	1,500	213	160	53	1,261
Miscellaneous	1,000	785	1,436	(651)	1,124
Indigent defender expense	60,000	20,604	17,350	3,254	39,141
Total public safety - police	<u>730,711</u>	<u>651,476</u>	<u>670,359</u>	<u>(18,883)</u>	<u>684,298</u>

(continued)

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020				
	Budget		Actual	Variance with Final Budget	2019 Actual
	Original	Final		Positive (Negative)	
Public safety - fire -					
Salaries	65,055	67,001	65,331	1,670	63,371
On behalf salaries	12,000	12,000	12,000	-	12,000
Payroll taxes	5,895	6,095	7,755	(1,660)	5,737
Accounting and audit	3,000	2,318	2,284	34	2,911
Materials and supplies	21,000	16,724	11,192	5,532	14,734
Utilities	3,000	4,349	4,127	222	2,774
Repairs and maintenance	12,000	6,461	4,796	1,665	18,095
Contractual services	360	10,860	10,470	390	2,670
Insurance	28,000	24,715	25,418	(703)	28,565
Telephone	8,000	5,941	6,162	(221)	9,219
Gasoline	3,000	3,328	2,696	632	2,726
Uniforms	500	1,936	2,710	(774)	1,250
Miscellaneous	1,500	97	165	(68)	417
Total public safety - fire	<u>163,310</u>	<u>161,825</u>	<u>155,106</u>	<u>6,719</u>	<u>164,469</u>
Public works - streets -					
Salaries	87,550	25,808	20,483	5,325	72,931
Payroll taxes	5,732	1,941	2,054	(113)	5,453
Retirement	18,975	3,356	2,355	1,001	15,571
Accounting and audit	3,500	2,704	2,665	39	2,911
Materials and supplies	3,000	3,520	3,364	156	2,314
Auto and truck expense	10,000	5,443	4,603	840	8,808
Gasoline	4,500	3,428	2,891	537	4,120
Repairs and maintenance	2,000	4,164	3,308	856	3,029
Insurance	35,000	30,893	31,698	(805)	35,706
Uniforms	2,500	4,787	4,451	336	4,852
Utilities	34,100	36,129	38,839	(2,710)	39,450
Tractor and backhoe expense	7,500	9,864	9,403	461	11,666
Miscellaneous	1,500	772	1,856	(1,084)	1,107
Shell, gravel and dirt	500	3,715	4,418	(703)	5,489
Animal control expenses	1,000	1,832	1,374	458	595
Station	2,000	400	300	100	1,723
Engineering services	1,000	-	-	-	644
Total public works - streets	<u>220,357</u>	<u>138,756</u>	<u>134,062</u>	<u>4,694</u>	<u>216,369</u>
Debt service -					
Principal	1,599	8,417	8,417	-	2,400
Interest	-	2,024	2,024	-	-
Total debt service	<u>1,599</u>	<u>10,441</u>	<u>10,441</u>	<u>-</u>	<u>2,400</u>
Capital outlay:					
General government -					
Land	-	34,156	34,156	-	-
Road overlay	200,000	173,860	212,147	(38,287)	-
Public safety -					
Police	-	-	-	-	4,387
Total capital outlay	<u>200,000</u>	<u>208,016</u>	<u>246,303</u>	<u>(38,287)</u>	<u>4,387</u>
Total expenditures	<u>\$ 1,817,235</u>	<u>\$ 1,663,726</u>	<u>\$ 1,726,969</u>	<u>\$ (63,243)</u>	<u>\$ 1,611,726</u>

TOWN OF SUNSET, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020			Variance with Final Budget Positive (Negative)	2019 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 655,000	\$ 604,314	\$ 686,695	\$ 82,381	\$ 739,665
Miscellaneous - interest and other	<u>250</u>	<u>118</u>	<u>106</u>	<u>(12)</u>	<u>178</u>
Total revenues	<u>655,250</u>	<u>604,432</u>	<u>686,801</u>	<u>82,369</u>	<u>739,843</u>
Expenditures:					
General government -					
Collection fees	6,550	5,744	5,849	(105)	6,873
Office expense	100	100	16	84	54
Professional fees	<u>4,000</u>	<u>3,100</u>	<u>3,055</u>	<u>45</u>	<u>3,477</u>
Total general government	<u>10,650</u>	<u>8,944</u>	<u>8,920</u>	<u>24</u>	<u>10,404</u>
Excess of revenues over expenditures	644,600	595,488	677,881	82,393	729,439
Other financing uses:					
Transfers out	<u>(678,156)</u>	<u>(678,156)</u>	<u>(737,525)</u>	<u>(59,369)</u>	<u>(688,892)</u>
Net change in fund balance	(33,556)	(82,668)	(59,644)	23,024	40,547
Fund balance, beginning	<u>368,999</u>	<u>368,999</u>	<u>368,999</u>	<u>-</u>	<u>328,452</u>
Fund balance, ending	<u>\$ 335,443</u>	<u>\$ 286,331</u>	<u>\$ 309,355</u>	<u>\$ 23,024</u>	<u>\$ 368,999</u>

TOWN OF SUNSET, LOUISIANA
Debt Service Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020			Variance with Final Budget Positive (Negative)	2019 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Miscellaneous - interest and other	\$ -	\$ -	-	\$ -	\$ -
Expenditures:					
Debt service -					
Principal	17,000	17,000	17,000	-	16,000
Interest	5,693	6,233	5,637	596	6,282
Total debt service	<u>22,693</u>	<u>23,233</u>	<u>22,637</u>	<u>596</u>	<u>22,282</u>
Deficiency of revenues over expenditures	(22,693)	(23,233)	(22,637)	596	(22,282)
Other financing sources:					
Transfers in	<u>23,156</u>	<u>23,156</u>	<u>22,525</u>	<u>(631)</u>	<u>22,848</u>
Net change in fund balance	463	(77)	(112)	(35)	566
Fund balance, beginning	<u>12,338</u>	<u>12,338</u>	<u>12,338</u>	<u>-</u>	<u>11,772</u>
Fund balance, ending	<u>\$ 12,801</u>	<u>\$ 12,261</u>	<u>\$ 12,226</u>	<u>\$ (35)</u>	<u>\$ 12,338</u>

TOWN OF SUNSET, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2020 and 2019

Records maintained by the Town indicated the following number of customers were being serviced during the months of June 30, 2020 and 2019:

<u>Department</u>	<u>2020</u>	<u>2019</u>
Gas (metered)	473	422
Water (metered)	1,296	1,253
Sewer	1,125	1,083

TOWN OF SUNSET, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2020

Description of Coverage	Coverage Amounts
Workmen's compensation - Employer's liability	\$ 500,000
Commercial general liability	500,000
Law enforcement officers' liability	500,000
Public officials' errors and omissions liability	500,000
Business auto liability	500,000
Commercial Property	550,000
Property damage -	
Fire station:	180,093
Real property	72,040
Personal property	
Building:	
Real property	2,214,764
Personal property	421,600
Contractors' equipment	44,000
Employee theft	180,000
Auto liability -	
General	1,500,000
Fire department	1,000,000
Accident and sickness -	
Fire department	50,000
Police department	50,000

TOWN OF SUNSET, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Net Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and interest-bearing demand deposits	\$ 85,238	\$ 42,626
Interest-bearing time deposits	-	1,060
Accounts receivable, net	45,806	35,023
Due from other governments	-	159,387
Total current assets	131,044	238,096
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing demand deposits	148,814	107,872
Interest-bearing time deposits	27,380	26,225
Capital assets, net of accumulated depreciation	2,193,773	2,294,566
Total noncurrent assets	2,369,967	2,428,663
Total assets	2,501,011	2,666,759
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	-	11,008
LIABILITIES		
Current liabilities:		
Accounts payable	18,627	19,447
Contracts payable	-	147,587
Retainage payable	-	38,710
Accrued liabilities	3,010	2,771
Due to other funds	220,422	165,148
Payable from restricted assets -		
Customers' deposits	131,495	107,525
Bonds payable	19,000	17,000
Total current liabilities	392,554	498,188
Noncurrent liabilities:		
Bonds payable	389,000	408,000
Net pension liability	-	39,763
Total noncurrent liabilities	389,000	447,763
Total liabilities	781,554	945,951
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	-	2,245
NET POSITION		
Net investment in capital assets	1,804,773	1,859,656
Restricted for debt service	25,699	9,572
Unrestricted (deficit)	(111,015)	(139,657)
Total net position	\$ 1,719,457	\$ 1,729,571

TOWN OF SUNSET, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Statement of Revenues and Expenses
Years Ended June 30, 2020 and 2019

	Totals		Gas	
	2020	2019	2020	2019
Operating revenues:				
Charges for services -				
Billings to customers	\$ 638,191	\$ 638,562	\$ 212,340	\$ 233,217
Gas, water, and sewer taps	30,219	28,863	15,019	16,863
Delinquent charges	25,015	20,656	9,678	8,384
Other fees	19,813	23,494	1,618	1,206
Total operating revenues	<u>713,238</u>	<u>711,575</u>	<u>238,655</u>	<u>259,670</u>
Operating expenses:				
Salaries	133,434	121,494	44,478	40,498
Payroll taxes	13,383	9,246	4,461	3,082
Retirement	(31,000)	(22,270)	(10,333)	(7,423)
Meter reading	9,720	11,056	2,884	5,805
Gas purchases	50,080	68,303	50,080	68,303
Survey and analysis expense	15,532	27,832	8,040	17,363
Materials and supplies	78,017	77,617	11,728	22,635
State mandated water fee	12,896	11,587	-	-
Office supplies and postage	7,745	9,280	3,123	4,231
Repairs and maintenance	100,894	60,010	-	3,624
Insurance	39,103	48,911	7,333	8,893
Utilities	48,166	43,891	655	611
Telephone	9,082	7,593	3,547	820
Internet	11,851	3,253	-	-
Auto expense	5,673	3,586	2,008	1,793
Accounting and audit	28,574	25,423	16,061	10,948
Engineering	29,417	23,561	-	-
Contract labor	17,958	2,883	3,300	-
Miscellaneous	9,789	12,297	2,749	2,165
Depreciation	128,983	113,223	4,943	1,001
Total operating expenses	<u>719,297</u>	<u>658,776</u>	<u>155,057</u>	<u>184,349</u>
Operating income (loss)	<u>(6,059)</u>	<u>52,799</u>	<u>\$ 83,598</u>	<u>\$ 75,321</u>
Nonoperating revenues (expenses):				
Interest income	100	4		
Interest expense	(11,192)	(9,007)		
Total nonoperating revenues (expenses)	<u>(11,092)</u>	<u>(9,003)</u>		
Income before contributions and transfers	(17,151)	43,796		
Capital contributions	58,817	479,978		
Transfers out	(51,780)	(137,401)		
Change in net position	(10,114)	386,373		
Net position, beginning	<u>1,729,571</u>	<u>1,343,198</u>		
Net position, ending	<u>\$ 1,719,457</u>	<u>\$ 1,729,571</u>		

Water		Sewer	
2020	2019	2020	2019
\$ 248,759	\$ 237,967	\$ 177,092	\$ 167,378
13,000	10,050	2,200	1,950
11,874	10,034	3,463	2,238
<u>16,427</u>	<u>21,144</u>	<u>1,768</u>	<u>1,144</u>
<u>290,060</u>	<u>279,195</u>	<u>184,523</u>	<u>172,710</u>
44,478	40,498	44,478	40,498
4,461	3,082	4,461	3,082
(10,334)	(7,424)	(10,333)	(7,423)
6,836	5,251	-	-
-	-	-	-
473	-	7,019	10,469
65,699	54,390	590	592
12,896	11,587	-	-
4,622	5,049	-	-
39,208	11,537	61,686	44,849
23,729	28,902	8,041	11,116
13,280	8,648	34,231	34,632
4,777	6,063	758	710
11,851	3,253	-	-
1,920	1,793	1,745	-
7,181	8,483	5,332	5,992
20,151	20,937	9,266	2,624
13,858	2,883	800	-
-	-	-	-
5,049	7,802	1,991	2,330
<u>87,417</u>	<u>77,527</u>	<u>36,623</u>	<u>34,695</u>
<u>357,552</u>	<u>290,261</u>	<u>206,688</u>	<u>184,166</u>
<u>\$ (67,492)</u>	<u>\$ (11,066)</u>	<u>\$ (22,165)</u>	<u>\$ (11,456)</u>

Town of Sunset, Louisiana
LCDBG Water System Improvement Project

Schedule of Net Position
June 30, 2020

Assets	\$ -
Liabilities	<u>-</u>
Net Position	<u>\$ -</u>

TOWN OF SUNSET, LOUISIANA
LCDBG Water System Improvement Project

Schedule of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2020

Revenues -	
LCDBG program	<u>\$ 57,731</u>
Expenses -	
Administration	11,696
Engineering	44,223
Construction	<u>1,812</u>
Total expenses	<u>57,731</u>
Change in net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u>\$ -</u>

**INTERNAL CONTROL,
COMPLIANCE, AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S 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*

WWW.KCSRPCAS.COM

The Honorable Charles James, Mayor
and members of the Board of Aldermen
Town of Sunset, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Sunset, Louisiana (Town) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 9, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2020-001 and 2020-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Sunset, Louisiana's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 9, 2021

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan

Part 1. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2016

CRITERIA: The Town should have a control policy according to which no person should be given responsibility for more than one related function.

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

CAUSE: Due to the size of the Town, there are a small number of available employees.

EFFECT: The Town has employees that are performing more than one related function.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2020-002 Reconciliation of Accounts

Fiscal year finding initially occurred: 2016

CRITERIA: The Town should have a control policy according to which all balance sheet accounts are reconciled to supporting schedules and subsidiary ledgers on a monthly basis.

CONDITION: The Town did not have adequate procedures in place to reconcile balance sheet accounts to appropriate supporting documentation.

CAUSE: Due to the lack of policies and procedures, monthly reconciliations are not being performed for the utility accounts receivable and cash bond accounts.

EFFECT: The Town had numerous errors recording transactions that were not detected or corrected in a timely manner.

RECOMMENDATION: The Town should establish policies and procedures to reconcile balance sheet accounts to appropriate supporting documentation on a monthly basis in order to identify and correct errors in a timely manner.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will establish procedures to reconcile all balance sheet accounts. Additionally, a complete listing of cash bonds being held will be maintained and reconciled on a monthly basis.

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)

B. Compliance Findings -

There were no compliance findings for the fiscal year ended June 30, 2020.

Part II. Prior Year Findings

A. Internal Control Findings -

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2016

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2020-001.

2019-002 Reconciliation of Accounts

CONDITION: The Town did not have adequate procedures in place to reconcile balance sheet accounts to appropriate supporting documentation.

RECOMMENDATION: The Town should establish policies and procedures to reconcile balance sheet accounts to appropriate supporting documentation on a monthly basis in order to identify errors in a timely manner.

CURRENT STATUS: Unresolved. See finding 2020-002.

B. Compliance Finding -

2019-003 Annual Ethics Training

CONDITION: The Town's employees did not conduct their annual ethics training in accordance with Louisiana Revised Statute 42:1170.

RECOMMENDATION: Management should adhere to their adopted policies and procedures and ensure each employee participates in the required annual ethics training in accordance with Louisiana Revised Statute 42:1170.

CURRENT STATUS: Resolved.