

TOWN OF SUNSET, LOUISIANA

Financial Report

Year Ended June 30, 2021

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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, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Sunset, Louisiana'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 from 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, 2021, 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 schedules, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 46 - 51 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, Louisiana has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 omitted information.

Other 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 comparative statements and various schedules included in other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative statements and judicial system funding schedule 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 combining and comparative statements and the schedule of expenditures of federal awards 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, Louisiana's 2020 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, were fairly presented in all material respects in relation to the basic financial statements from which they were derived.

The various other schedules included in other supplementary information 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 issued our report dated December 29, 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 the Town of Sunset, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 29, 2021

BASIC FINANCIAL STATEMENTS

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

TOWN OF SUNSET, LOUISIANA

Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 777,521	\$ 464,814	\$ 1,242,335
Receivables, net	88,608	75,720	164,328
Internal balances	274,819	(274,819)	-
Due from other governmental units	8,986	-	8,986
Restricted assets:			
Cash and interest-bearing deposits	-	237,426	237,426
Capital assets, net	<u>1,062,807</u>	<u>2,048,167</u>	<u>3,110,974</u>
Total assets	<u>2,212,741</u>	<u>2,551,308</u>	<u>4,764,049</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>117,378</u>	<u>7,342</u>	<u>124,720</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	86,732	36,399	123,131
Customers deposits payable	-	140,800	140,800
Accrued interest payable	776	-	776
Long-term liabilities:			
Due within one year	25,983	19,000	44,983
Due in more than one year	93,508	370,000	463,508
Net pension liability	<u>424,246</u>	<u>27,424</u>	<u>451,670</u>
Total liabilities	<u>631,245</u>	<u>593,623</u>	<u>1,224,868</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>123,917</u>	<u>12,039</u>	<u>135,956</u>
NET POSITION			
Net investment in capital assets	943,316	1,678,167	2,621,483
Restricted for sales tax dedications	196,184	-	196,184
Restricted for debt service	11,888	77,626	89,514
Unrestricted	<u>423,569</u>	<u>197,195</u>	<u>620,764</u>
Total net position	<u>\$ 1,574,957</u>	<u>\$ 1,952,988</u>	<u>\$ 3,527,945</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, 2021

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	\$ 536,026	\$ 223,166	\$ -	\$ -	\$ (312,860)	\$ -	\$ (312,860)
Public safety:							
Police	672,903	383,622	-	-	(289,281)	-	(289,281)
Fire	169,189	-	9,057	-	(160,132)	-	9,057
Streets	175,686	-	-	-	(175,686)	-	(175,686)
Interest on long-term debt	6,009	-	-	-	(6,009)	-	(6,009)
Total governmental activities	<u>1,559,813</u>	<u>606,788</u>	<u>9,057</u>	<u>-</u>	<u>(943,968)</u>	<u>-</u>	<u>(943,968)</u>
Business-type activities:							
Gas	202,949	415,622	-	-	-	212,673	212,673
Water	387,041	443,278	-	-	-	56,237	56,237
Sewer	282,305	255,620	-	-	-	(26,685)	(26,685)
Interest on long-term debt	8,751	-	-	-	-	(8,751)	(8,751)
Total business-type activities	<u>881,046</u>	<u>1,114,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,474</u>	<u>233,474</u>
Total	<u>\$ 2,440,859</u>	<u>\$ 1,721,308</u>	<u>\$ 9,057</u>	<u>\$ -</u>	<u>(943,968)</u>	<u>233,474</u>	<u>(710,494)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					149,650	-	149,650
Sales and use taxes, levied for general purposes					832,889	-	832,889
Franchise taxes					144,398	-	144,398
Grants and contributions not restricted to specific programs -							
State sources					86,996	-	86,996
Non-employer pension contribution					8,487	-	8,487
Interest and investment earnings					304	57	361
Miscellaneous					66,383	-	66,383
Total general revenues and transfers					<u>1,289,107</u>	<u>57</u>	<u>1,289,164</u>
Change in net position					345,139	233,531	578,670
Net position - beginning					<u>1,229,818</u>	<u>1,719,457</u>	<u>2,949,275</u>
Net position - ending					<u>\$ 1,574,957</u>	<u>\$ 1,952,988</u>	<u>\$ 3,527,945</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, 2021

	General	Sales Tax Special Revenue	Debt Service Fund	Total
ASSETS				
Cash and interest-bearing deposits	\$ 447,913	\$ 274,972	\$ 54,636	\$ 777,521
Receivables:				
Taxes	39,203	-	-	39,203
Due from other governmental units	8,986	-	-	8,986
Due from other funds	407,469	240,789	10,222	658,480
Other	49,405	-	-	49,405
Total assets	<u>\$ 952,976</u>	<u>\$ 515,761</u>	<u>\$ 64,858</u>	<u>\$ 1,533,595</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 86,732	\$ -	\$ -	\$ 86,732
Due to other funds	<u>321,246</u>	<u>10,222</u>	<u>52,193</u>	<u>383,661</u>
Total liabilities	<u>407,978</u>	<u>10,222</u>	<u>52,193</u>	<u>470,393</u>
Fund balances:				
Restricted for sales tax dedications	-	196,184	-	196,184
Restricted for debt service	-	-	12,665	12,665
Unassigned	<u>544,998</u>	<u>309,355</u>	<u>-</u>	<u>854,353</u>
Total fund balances	<u>544,998</u>	<u>505,539</u>	<u>12,665</u>	<u>1,063,202</u>
Total liabilities and fund balances	<u>\$ 952,976</u>	<u>\$ 515,761</u>	<u>\$ 64,858</u>	<u>\$ 1,533,595</u>

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, 2021

Total fund balances for governmental funds at June 30, 2021		\$ 1,063,202
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 \$945,023 accumulated depreciation	752,828	
Machinery and equipment, net of \$1,015,852 accumulated depreciation	24,584	
Vehicles, net of \$207,957 accumulated depreciation	<u>27,205</u>	1,062,807
Deferred outflows of resources are not available resources, and therefore, are not reported in the funds:		
Pension plans		117,378
Some liabilities are not due and payable from current financial resources and are, therefore, not reported in the funds. These liabilities consist of the following:		
Capital lease payable	(3,064)	
Loans payable	(14,427)	
Revenue bonds payable	(102,000)	
Net pension liability	(424,246)	
Accrued interest payable	<u>(776)</u>	(544,513)
Deferred inflows of resources are not payable from current expendable resources, and therefore, are not reported in the funds:		
Pension plans		<u>(123,917)</u>
Total net position of governmental activities at June 30, 2021		<u>\$ 1,574,957</u>

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, 2021

	General	Sales Tax Special Revenue	Debt Service Fund	Total
Revenues:				
Taxes	\$ 294,048	\$ 832,889	\$ -	\$ 1,126,937
Licenses and permits	223,166	-	-	223,166
Intergovernmental	96,053	-	-	96,053
Fines and forfeits	383,622	-	-	383,622
Miscellaneous	66,485	202	-	66,687
Total revenues	<u>1,063,374</u>	<u>833,091</u>	<u>-</u>	<u>1,896,465</u>
Expenditures:				
Current -				
General government	568,291	9,505	12	577,808
Public safety -				
Police	633,578	-	-	633,578
Fire	163,200	-	-	163,200
Streets	176,584	-	-	176,584
Debt service -				
Principal	18,335	-	17,000	35,335
Interest and fiscal charges	1,175	-	4,951	6,126
Capital outlay	19,016	-	-	19,016
Total expenditures	<u>1,580,179</u>	<u>9,505</u>	<u>21,963</u>	<u>1,611,647</u>
Excess (deficiency) of revenues over expenditures	<u>(516,805)</u>	<u>823,586</u>	<u>(21,963)</u>	<u>284,818</u>
Other financing sources (uses):				
Transfers in	605,000	-	22,402	627,402
Transfers out	-	(627,402)	-	(627,402)
Total other financing sources (uses)	<u>605,000</u>	<u>(627,402)</u>	<u>22,402</u>	<u>-</u>
Net changes in fund balances	88,195	196,184	439	284,818
Fund balances, beginning	<u>456,803</u>	<u>309,355</u>	<u>12,226</u>	<u>778,384</u>
Fund balances, ending	<u>\$ 544,998</u>	<u>\$ 505,539</u>	<u>\$ 12,665</u>	<u>\$ 1,063,202</u>

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, 2021

Total net changes in fund balances for the year ended June 30, 2021 per the statement of revenues, expenditures and changes in fund balances	\$ 284,818
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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	\$ 19,016		
Depreciation expense for the year ended June 30, 2021	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; border-bottom: 1px solid black;">(96,329)</td> <td style="width: 20%; text-align: right; border-bottom: 1px solid black;">(77,313)</td> </tr> </table>	(96,329)	(77,313)
(96,329)	(77,313)		

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities over multiple periods.

Repayment of long-term debt	35,335
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Some long-term liabilities are not recognized at the fund level because they do not represent a claim on current financial resources. Expenses at the government-wide level are recognized when these liabilities are incurred, while expenditures are recognized at the fund level when cash payments are made. The amounts below represent the difference between the expenses incurred at the government-wide level and the current financial resources expended at the fund level.

Net pension liability	102,182		
Accrued interest	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; border-bottom: 1px solid black;">117</td> <td style="width: 20%; text-align: right; border-bottom: 1px solid black;">102,299</td> </tr> </table>	117	102,299
117	102,299		

Total changes in net position for the year ended June 30, 2021 per the statement of activities	<u>\$ 345,139</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, 2021

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 464,814
Accounts receivable, net	<u>75,720</u>
Total current assets	<u>540,534</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	237,426
Capital assets, net of accumulated depreciation	<u>2,048,167</u>
Total noncurrent assets	<u>2,285,593</u>
Total assets	<u>2,826,127</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>7,342</u>
LIABILITIES	
Current liabilities:	
Accounts payable	35,999
Accrued liabilities	400
Due to other funds	274,819
Payable from restricted assets -	
Customer deposits payable	140,800
Bonds payable	<u>19,000</u>
Total current liabilities	<u>471,018</u>
Noncurrent liabilities:	
Bonds payable	370,000
Net pension liability	<u>27,424</u>
Total noncurrent liabilities	<u>397,424</u>
Total liabilities	<u>868,442</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>12,039</u>
NET POSITION	
Net investment in capital assets	1,678,167
Restricted for debt service	77,626
Unrestricted	<u>197,195</u>
Total net position	<u>\$1,952,988</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, 2021

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 395,023
Water charges	404,120
Sewer service charges	247,530
Miscellaneous	<u>67,847</u>
Total operating revenues	<u>1,114,520</u>
Operating expenses:	
Gas department	202,949
Water department	387,041
Sewer department	<u>282,305</u>
Total operating expenses	<u>872,295</u>
Operating income	<u>242,225</u>
Nonoperating revenues (expenses):	
Interest income	57
Interest expense	<u>(8,751)</u>
Total nonoperating revenues (expenses)	<u>(8,694)</u>
Change in net position	<u>233,531</u>
Net position, beginning	<u>1,729,571</u>
Net position, ending	<u>\$1,963,102</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	\$ 1,075,395
Payments to suppliers	(501,972)
Payments to employees	<u>(177,834)</u>
Net cash provided by operating activities	<u>395,589</u>
Cash flows from noncapital financing activities:	
Cash received by other funds	63,608
Net increase in customer meter deposits	<u>9,305</u>
Net cash provided by noncapital financing activities	<u>72,913</u>
Cash flows from capital and related financing activities:	
Principal paid in bonds payable	(19,000)
Interest paid on loan	<u>(8,751)</u>
Net cash used in capital and related financing activities	<u>(27,751)</u>
Cash flows from investing activities:	
Net purchase of interest-bearing time deposits	(52)
Interest earned	<u>57</u>
Net cash provided by investing activities	<u>5</u>
Net increase in cash and cash equivalents	440,756
Cash and cash equivalents, beginning of period	<u>234,052</u>
Cash and cash equivalents, end of period	<u>\$ 674,808</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 income to net cash provided by operating activities:	
Operating income	\$ 242,225
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	145,606
Pension expense	32,121
Changes in current assets and liabilities:	
Increase in accounts receivable	(39,125)
Increase in accounts payable	17,372
Decrease in accrued liabilities	<u>(2,610)</u>
Net cash provided by operating activities	<u>\$ 395,589</u>
Reconciliation of cash and cash equivalents per the statement of cash flows to the statement of net position:	
Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits - unrestricted	\$ 85,238
Cash and interest-bearing deposits - restricted	176,194
Less: interest-bearing deposits with maturity in excess of 90 days	<u>(27,380)</u>
Total cash and cash equivalents	<u>234,052</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	464,814
Cash and interest-bearing deposits - restricted	237,426
Less: interest-bearing deposits with maturity in excess of 90 days	<u>(27,432)</u>
Total cash and cash equivalents	<u>674,808</u>
Net increase in cash and cash equivalents	<u>\$ 440,756</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, Louisiana (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, Louisiana was incorporated in 1909 under the provisions of the Lawrason act. The Town operates under the Mayor-Board of Aldermen form of government.

As the municipal governing authority, for reporting purposes, the Town of Sunset, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and (d) organizations that are closely related to, or financially integrated with the primary 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 in its own name.
2. Whether the primary government's government authority (Mayor and Council) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether 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.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

The Town of Sunset, Louisiana 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 government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type 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 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 on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town. The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or enterprise funds) and at least five percent of the corresponding total for all governmental and enterprise funds combined or funds designated as major at the discretion of the Town. The General Fund is always a major fund. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Town uses the following funds, grouped by fund type.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Governmental Funds -

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balance of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through 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 Funds

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Town. The following is the Town's major Special Revenue Fund:

The Sales Tax Special Revenue 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.

Debt Service Funds

Debt Service Funds are used to account for and report resources that are restricted, committed, or assigned to expenditures for principal and interest. The following is the Town's major Debt Service Fund:

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

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and nonmajor funds aggregated. A reconciliation is presented to summarize the differences in fund balances of the governmental fund financial statements and the net position of the governmental activities in the government-wide financial statements.

Proprietary Funds –

Proprietary funds are used to account for the Town's ongoing operations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary fund maintained by the Town is an enterprise fund.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Enterprise Funds

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds 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's enterprise fund is the Utility Fund.

Enterprise fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. The enterprise fund financial information is presented under the business-type activities column.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus, or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grant revenue collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the Town. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Town and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

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

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the Town. 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 of America. The Town may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

For the purpose of the proprietary funds statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

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 customers' utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for customers' utility receivables was \$35,945 at June 30, 2021. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

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 are reported as "advances to and from other funds." Interfund receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at acquisition value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 range of estimated useful lives by type of asset 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

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

Long-term debt

The accounting treatment of long-term debt depends on whether the assets acquired or constructed with the proceeds of the debt 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 is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable, note payable, capital lease payable, note 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 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.

Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense (See Note 12), have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Member's earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purposes, benefit payments (including refunds of employee contributions) are recognized when

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

due and payable in accordance with the benefit terms. Non-employer contributions are recognized as revenue in the government-wide financial statements. In the governmental fund financial statements contributions are recognized as expenditures when made.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plans.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate section represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualify for reporting in this category, the deferred inflow of resources attributable to its pension.

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 net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, and contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. At June 30, 2021, the Town reported \$285,698 of restricted net position, \$196,184 of which was restricted by enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, donors, or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Town through formal legislative action of the Mayor and Board of Aldermen and does not lapse at year end. A committed fund balance constraint can only be established, modified, or rescinded by passage of an Ordinance (Law) by the Mayor and Board of Aldermen.
- d. Assigned includes fund balance amounts that are constrained by the Town's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Town Clerk and approval of a Resolution by the Mayor and Board of Aldermen.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the Town's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Town uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

E. Revenues, Expenditures, and Expenses

Revenues

The Town considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Town generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The Town's major revenues sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are three classifications of programmatic revenues for the Town, program specific grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Charges for services are revenues derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the Town's general revenues. The primary sources of program revenues are fees, fines, and charges paid by recipients of goods and services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and earned income in connection with the operation of the Town's utility system.

Interest income is recorded as earned in the fund holding the interest-bearing asset.

Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets, and insurance recoveries on property loss. Operating expense are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

Expenditures/Expenses

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

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 3
Gas, water, and sewer revenue	Utility operations

G. Compensated Absences

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

H. Use of Estimates

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

I. Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform with the 2021 presentation.

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. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2021, taxes of 5.74 mills were levied on property with assessed valuations totaling \$26,022,330 and were dedicated for general corporate purposes. Total taxes levied were \$149,368. Taxes receivable at June 30, 2021 of \$4,228 is reported net of an allowance for uncollectible accounts totaling \$4,228.

(3) Sales and Use Tax

Proceeds of the two 1% sales and use taxes levied by the Town (2021 collections \$832,889) are dedicated for the following purposes in the following order:

Constructing and purchasing municipal, fire and police department facilities, furnishing 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.

(4) Cash, 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 direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2021, the Town had cash and interest-bearing deposits (book balances) totaling \$1,479,761 as follows

Non interest-bearing deposits	\$ 1,048,259
Interest-bearing deposits	396,110
Time deposits	<u>35,392</u>
Total	<u>\$ 1,479,761</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2021, are secured as follows:

Bank balances	<u>\$1,603,068</u>
Federal deposit insurance	500,000
Pledged securities	<u>1,103,068</u>
Total insured and secured bank balances	<u>\$1,603,068</u>

Deposits in the amount of \$1,103,068 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. The Town does not have a policy for custodial credit risk.

(5) Receivables

Receivables at June 30, 2021 consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ -	\$ 50,241	\$ 50,241
Unbilled utility	-	25,479	25,479
Ad valorem taxes	4,228	-	4,228
Franchise taxes	34,975	-	34,975
Other	<u>49,405</u>	<u>-</u>	<u>49,405</u>
Totals	<u>\$ 88,608</u>	<u>\$ 75,720</u>	<u>\$ 164,328</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2021 consist of the following:

Governmental Activities:

State of Louisiana - beer tax revenues receivable	\$ 1,277
State of Louisiana - racino revenue receivable	<u>7,709</u>
Total	<u>\$ 8,986</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Restricted Assets

Restricted assets at June 30, 2021 consist of the following:

Customers' deposits	\$ 140,800
Bond sinking fund	22,463
Bond reserve fund	24,525
Depreciation and contingency fund	<u>49,638</u>
Total restricted assets	<u>\$ 237,426</u>

(8) Capital Assets

Capital asset activity for the year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 258,190	\$ -	\$ -	\$ 258,190
Other capital assets:				
Buildings and improvements	1,697,851	-	-	1,697,851
Machinery and equipment	1,034,920	5,516	-	1,040,436
Vehicles	<u>221,662</u>	<u>13,500</u>	-	<u>235,162</u>
Totals	<u>3,212,623</u>	<u>19,016</u>	-	<u>3,231,639</u>
Less accumulated depreciation				
Buildings and improvements	880,028	64,995	-	945,023
Machinery and equipment	1,003,406	12,446	-	1,015,852
Vehicles	<u>189,069</u>	<u>18,888</u>	-	<u>207,957</u>
Total accumulated depreciation	<u>2,072,503</u>	<u>96,329</u>	-	<u>2,168,832</u>
Governmental activities, capital assets, net	<u>\$1,140,120</u>	<u>\$ (77,313)</u>	<u>\$ -</u>	<u>\$1,062,807</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 75,210	\$ -	\$ -	\$ 75,210
Other capital assets:				
Utility system and extensions	7,644,839	-	-	7,644,839
Machinery and equipment	57,971	-	-	57,971
Vehicles	36,589	-	-	36,589
Totals	<u>7,814,609</u>	<u>-</u>	<u>-</u>	<u>7,814,609</u>
Less accumulated depreciation				
Utility system and extensions	5,544,763	140,868	-	5,685,631
Machinery and equipment	46,984	2,738	-	49,722
Vehicles	29,089	2,000	-	31,089
Total accumulated depreciation	<u>5,620,836</u>	<u>145,606</u>	<u>-</u>	<u>5,766,442</u>
Business-type activities, capital assets, net	<u>\$2,193,773</u>	<u>\$ (145,606)</u>	<u>\$ -</u>	<u>\$2,048,167</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 62,546
Police	26,930
Fire	5,989
Streets	864
Total depreciation expense	<u>\$ 96,329</u>

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

Gas system	\$ 4,832
Water system	87,417
Sewer system	53,357
Total depreciation expense	<u>\$145,606</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Accounts and Other Payables

The accounts and other payables at June 30, 2021 consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts and other payables	\$ 61,115	\$ 35,999	\$ 97,114
Accrued salaries and benefits	<u>25,617</u>	<u>400</u>	<u>26,017</u>
Totals	<u>\$ 86,732</u>	<u>\$ 36,399</u>	<u>\$ 123,131</u>

(10) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the Town for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount due in one year</u>
Long-term debt:					
Direct placements:					
Revenue bonds	\$ 527,000	\$ -	\$ 36,000	\$ 491,000	\$ 37,000
Loans payable	31,980	-	17,553	14,427	7,087
Capital leases	<u>3,846</u>	<u>-</u>	<u>782</u>	<u>3,064</u>	<u>896</u>
	<u>\$ 562,826</u>	<u>\$ -</u>	<u>\$ 54,335</u>	<u>\$ 508,491</u>	<u>\$ 44,983</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Bonds and loans payable at June 30, 2021 are comprised of the following individual issues:

	<u>Total</u>
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.	\$102,000
Loans Payable -	
\$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.	<u>14,427</u>
Total governmental activities	<u>\$116,427</u>
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.	<u>\$389,000</u>

Capital lease payable at June 30, 2021 consist of the following:

	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Equipment	<u>\$ 4,387</u>	03/25/19	13.16%	<u>\$ 3,064</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Annual debt service requirements of bonds and loans outstanding are as follows:

Year Ended June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 25,087	\$ 4,791	\$ 19,000	\$ 6,991	\$ 44,087	\$ 11,782
2023	26,340	3,739	20,000	6,611	46,340	10,350
2024	20,000	2,605	20,000	6,221	40,000	8,826
2025	22,000	1,633	20,000	5,831	42,000	7,464
2026	23,000	558	21,000	5,831	44,000	6,389
2027-2031	-	-	111,000	22,883	111,000	22,883
2032-2036	-	-	125,000	11,398	125,000	11,398
2037-2038	-	-	53,000	1,044	53,000	1,044
Total	<u>\$116,427</u>	<u>\$ 13,326</u>	<u>\$389,000</u>	<u>\$ 66,810</u>	<u>\$505,427</u>	<u>\$ 80,136</u>

Annual debt service requirements to maturity for capital leases are as follows:

Year Ending June 30	Governmental Activities
2022	\$ 1,242
2023	1,242
2024	1,242
Less: Amount representing interest	<u>(662)</u>
Present value of future minimum lease payments	<u>\$ 3,064</u>

Leased equipment included in capital assets at June 30, 2021 are as follows:

Equipment and vehicles	\$ 4,387
Less: Accumulated depreciation	<u>(1,901)</u>
Net	<u>\$ 2,486</u>

Depreciation of leased equipment in the amount of \$877 for the year ended June 30, 2021 is included in depreciation expense.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Flow of Funds; Restrictions on Use

Governmental activities: 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 in the Sale 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.

During the year ended June 30, 2021, the monthly sinking fund transfers were made as required by the agreement.

Business-Type Activities: Utility Revenue Bonds -

Under the terms of the \$440,000 Taxable Utility Revenue Bonds issued 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.

During the year ended June 30, 2021, the monthly sinking, reserve, and depreciation and contingency fund transfers were made as required by the agreement.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Pension Plans

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:

Plan Descriptions

Municipal Employees' Retirement System (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The Town 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 the LRS 11:2211 and 11:2220.

The system's 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. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

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%.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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. In addition, MERS receives a percentage of ad valorem taxes collected parishes, and MPERS receives a percentage of insurance premium tax monies as additional employer contributions. These entities are not participating employers in the pension systems and are considered to be nonemployer contributing entities. Contributions of employers, and nonemployer contributing entities effective for the year ended June 30, 2021 for the defined benefit pension plans in which the Town is a participating employer were as follows:

Plan	Active Member Contribution Percentage	Employer Contribution Percentage	Amount From	
			Nonemployer Contributing Entities	Amount of Government Contributions
MERS	10.00%	29.50%	\$ 4,303	\$ 38,383
MPERS	10.00%	33.75%	\$ 4,184	\$ 19,250

Net Pension Liability

The Town’s net pension liability at June 30, 2021 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 plans’ measurement date (June 30, 2020 for all 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:

Plan	Proportionate Share of Net Pension Liability	Proportionate Share (%) of Net Pension Liability	Increase/(Decrease) from Prior Measurement Date
MERS	\$ 274,242	0.063432%	-0.035953%
MPERS	177,425	0.019197%	0.000763%
Total	<u>\$ 451,667</u>		

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Since the measurement date of the net pension liability was June 30, 2020, the net pension liability is based upon fiduciary net position for each of the plans as of that date. 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 that fiscal year. The financial report for each plan may be accessed on their website as follows:

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

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 Town 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%
Investment rate of return	6.95%	6.95%
Projected salary increases	4.9% - 7.4%	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 using respective male and female MP2018 scales.
- (2) PubG-2010(B) Employee Table set equal to 120% for males and females using respective male and female MP2018 scales.
- (3) PubNS-2010(B) Disabled Retiree Tables set equal to 120% for males and females with full generational MP2018 scale.
- (4) Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.
- (5) Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using MP2019 scales.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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:

	<u>MERS</u>	<u>MPERS</u>
Discount rate	6.95%	6.95%
Change in discount rate from prior valuation	-0.050%	-0.175%
Plan cash flow assumptions	(1)	(1)
Rates incorporated in the Discount Rate:		
Long-term Rate of Return	6.95%	6.95%
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.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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:

Asset Class	MERS*		MPERS*	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	38%	1.67%	33.5%	0.54%
Equities	53%	2.33%	48.5%	1.02%
Alternative Investments	9%	0.40%	18.0%	3.08%
Totals	<u>100%</u>	<u>4.40%</u>	<u>100%</u>	<u>4.64%</u>
Inflation		<u>2.60%</u>		<u>2.55%</u>
Expected Nominal Return		<u>7.00%</u>		<u>7.19%</u>

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 a number of years. For the year ended June 30, 2021, the Town recognized \$58,395 in pension expense (benefit) related to all defined benefit plans in which it participates. MERS and MPERS recognized revenues in the amount of \$8,487 in ad valorem taxes and insurance premium tax monies collected from nonemployer contributing entities

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 127	\$ 8,543
Changes of assumptions	8,830	4,379
Net difference between projected and actual earnings on pension plan investments	48,651	-
Change in proportion and differences between employer contributions and proportionate share of contributions	9,479	123,034
Employer contributions subsequent to the measurement date	<u>57,633</u>	<u>-</u>
Total	<u>\$ 124,720</u>	<u>\$ 135,956</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$57,633 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended June 30	Net Amount Recognized in Pension Expense
2022	\$ (58,689)
2023	(30,005)
2024	11,771
2025	8,054
	<u>\$ (68,869)</u>

Sensitivity of the Town’s Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate

The following presents the Town’s proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the Town’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:

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	6.95%	\$ 356,759	\$ 274,242	\$ 204,471
MPERS	6.95%	249,263	177,425	117,371
Total		<u>\$ 606,022</u>	<u>\$ 451,667</u>	<u>\$ 321,842</u>

Payables to Pension Plans

At June 30, 2021, the Town reported payables of \$23,491 for the outstanding amount of contributions due to the retirement systems for the year.

(13) Risk Management

The Town is exposed to risks of loss in the areas of health care, 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.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Litigation and Claims

At June 30, 2021, the Town was involved in certain lawsuits arising from the normal course of operations, which have been referred to its insurance provider. In the opinion of the Town's legal counsel, the Town has no liability in excess of insurance coverage.

(15) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen and firemen \$33,170 of supplemental pay during the year ended June 30, 2021. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(16) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2021:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major funds:		
Governmental funds:		
General Fund	\$ 407,469	\$ 321,246
Sales Tax Special Revenue Fund	240,789	10,222
Debt Service Fund	10,222	52,193
Proprietary fund:		
Utility Fund	-	274,819
Total	<u>\$ 658,480</u>	<u>\$ 658,480</u>

The amounts due to various other funds are for short-term loans.

B. Transfers consisted of the following at June 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
Governmental funds:		
General Fund	\$ 605,000	\$ -
Sales Tax Special Revenue Fund	-	627,402
Debt Service Fund	22,402	-
Total	<u>\$ 627,402</u>	<u>\$ 627,402</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) Compensation, Benefits, and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor Charles James for the year ended June 30, 2021 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 10,900
Reimbursements	<u>39</u>
Total	<u>\$ 10,939</u>

(18) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2021 follows:

Charles James, Mayor	\$ 10,900
Aldermen:	
Bernice Smith	\$ 7,275
Mark Pitre	6,050
Rashida Charlot	6,050
Robert L. Carmouche	6,000
Jarrod Shaw	<u>6,050</u>
	<u>\$42,325</u>

(19) Uncertainties Arising During and After Financial Statement Date

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 operations. The extent and severity of the potential impact on future operations is unknown at this time.

(20) Subsequent Event

In April 2021 the Town created the Sunset Economic Development District No. 1, State of Louisiana (the "District") in accordance with LA RS 33:9038.32. Effective July 1, 2021, and continuing thereafter in perpetuity, an additional sales tax of two percent (2%) will be levied which will be used for the purpose of financing economic development projects, as defined in LA RS 33:9038.34(M) and LA RS 33:9038.36, located within the District, and also to pay the costs of infrastructure improvements outside the District that benefit property in the District.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 288,750	\$ 293,075	\$ 294,048	\$ 973
Licenses and permits	155,000	173,926	223,166	49,240
Intergovernmental	96,390	95,010	96,053	1,043
Fines and forfeits	185,000	369,103	383,622	14,519
Miscellaneous	14,050	40,990	66,485	25,495
Total revenues	<u>739,190</u>	<u>972,104</u>	<u>1,063,374</u>	<u>91,270</u>
Expenditures:				
General government	480,565	538,844	568,291	(29,447)
Public safety -				
Police	654,089	632,228	633,578	(1,350)
Fire	156,806	155,995	163,200	(7,205)
Streets	212,649	157,273	176,584	(19,311)
Debt service	22,799	-	19,510	(19,510)
Capital outlay	63,500	21,393	19,016	2,377
Total expenditures	<u>1,590,408</u>	<u>1,505,733</u>	<u>1,580,179</u>	<u>(74,446)</u>
Deficiency of revenues over expenditures	<u>(851,218)</u>	<u>(533,629)</u>	<u>(516,805)</u>	<u>16,824</u>
Other financing sources:				
Transfers in	<u>825,000</u>	<u>600,000</u>	<u>605,000</u>	<u>5,000</u>
Net change in fund balance	(26,218)	66,371	88,195	21,824
Fund balance, beginning	<u>456,803</u>	<u>456,803</u>	<u>456,803</u>	<u>-</u>
Fund balance, ending	<u>\$ 430,585</u>	<u>\$ 523,174</u>	<u>\$ 544,998</u>	<u>\$ 21,824</u>

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 650,000	\$ 774,611	\$ 832,889	\$ 58,278
Miscellaneous - interest and other	<u>250</u>	<u>132</u>	<u>202</u>	<u>70</u>
Total revenues	<u>650,250</u>	<u>774,743</u>	<u>833,091</u>	<u>58,348</u>
Expenditures:				
General government -				
Collection fees	6,125	6,160	6,290	(130)
Professional fees	3,450	2,676	3,160	(484)
Office expense	<u>100</u>	<u>56</u>	<u>55</u>	<u>1</u>
Total expenditures	<u>9,675</u>	<u>8,892</u>	<u>9,505</u>	<u>(613)</u>
Excess of revenues over expenditures	640,575	765,851	823,586	57,735
Other financing uses:				
Transfers out	<u>(717,009)</u>	<u>(622,009)</u>	<u>(627,402)</u>	<u>(5,393)</u>
Net change in fund balance	(76,434)	143,842	196,184	52,342
Fund balance, beginning	<u>309,355</u>	<u>309,355</u>	<u>309,355</u>	<u>-</u>
Fund balance, ending	<u>\$ 232,921</u>	<u>\$ 453,197</u>	<u>\$ 505,539</u>	<u>\$ 52,342</u>

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2021

Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana - Plan A:					
2021	\$ 274,242	0.063432%	\$ 121,446	225.81%	64.52%
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%
Municipal Police Employees' Retirement System of Louisiana:					
2021	\$ 177,425	0.019197%	\$ 59,401	298.69%	70.94%
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.

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA

Schedule of Employer Pension Contributions
For the Year Ended June 30, 2021

<u>Year Ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Municipal Employees' Retirement System of Louisiana - Plan A:					
2021	\$ 38,383	\$ 38,383	-	\$ 130,109	29.50%
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%
Municipal Police Employees' Retirement System of Louisiana:					
2021	\$ 19,250	\$ 19,250	-	\$ 57,036	33.75%
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.

The accompanying notes are an integral part of this schedule.

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 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 of Expenditures Over Appropriations

The General Fund and Sales Tax Special Revenue Fund incurred expenditures in excess of appropriations totaling \$74,446 and \$613, respectively, for the year ended June 30, 2021.

TOWN OF SUNSET, LOUISIANA

Notes to Required Supplementary Information

(3) Pension Plans

Changes in benefit terms – There were no changes in benefit terms.

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 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 plan.

Amounts reported in fiscal year ended June 30, 2021 for the various pension plans reflect the following changes used to measure the total pension liability:

* Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
Municipal Employees' Retirement System of Louisiana - Plan A:					
2021	6.95%	6.95%	2.50%	3	4.5-6.4%
2020	7.00%	7.00%	2.50%	3	4.5-6.4%
2019	7.275%	7.275%	2.60%	3	5.00%
2018	7.40%	7.40%	2.775%	4	5.00%
2017	7.50%	7.50%	2.875%	4	5.00%
2016	7.50%	7.50%	2.875%	4	5.00%
2015	7.75%	7.75%	3.00%	4	5.75%
Municipal Police Employees' Retirement System of Louisiana:					
2021	6.95%	6.95%	2.50%	4	4.70-12.30%
2020	7.125%	7.125%	2.50%	4	4.25-9.75%
2019	7.20%	7.20%	2.60%	4	4.25-9.75%
2018	7.325%	7.325%	2.70%	4	4.25-9.75%
2017	7.50%	7.50%	2.875%	4	4.25-9.75%
2016	7.50%	7.50%	2.875%	4	4.25-9.75%
2015	7.50%	7.50%	3.00%	4	4.0-10.0%

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SUNSET, LOUISIANA

Statement of Net Position

June 30, 2021

With Comparative Amounts as of June 30, 2020

	2021			2020 Totals
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and interest-bearing deposits	\$ 777,521	\$ 464,814	\$ 1,242,335	\$ 690,024
Receivables, net	88,608	75,720	164,328	78,181
Internal balances	274,819	(274,819)	-	-
Due from other governmental units	8,986	-	8,986	192,122
Restricted assets:				
Cash and interest-bearing deposits	-	237,426	237,426	176,194
Capital assets, net	<u>1,062,807</u>	<u>2,048,167</u>	<u>3,110,974</u>	<u>3,333,893</u>
Total assets	<u>2,212,741</u>	<u>2,551,308</u>	<u>4,764,049</u>	<u>4,470,414</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>117,378</u>	<u>7,342</u>	<u>124,720</u>	<u>130,761</u>
LIABILITIES				
Accounts, salaries and other payables	86,732	36,399	123,131	292,958
Customers deposits payable	-	140,800	140,800	131,495
Accrued interest payable	776	-	776	893
Long-term liabilities:				
Due within one year	25,983	19,000	44,983	47,491
Due in more than one year	93,508	370,000	463,508	515,335
Net pension liability	<u>424,246</u>	<u>27,424</u>	<u>451,670</u>	<u>582,708</u>
Total liabilities	<u>631,245</u>	<u>593,623</u>	<u>1,224,868</u>	<u>1,570,880</u>
DEFERRED INFLOWS OF RESOURCES	<u>123,917</u>	<u>12,039</u>	<u>135,956</u>	<u>81,020</u>
NET POSITION				
Net investment in capital assets	943,316	1,678,167	2,621,483	2,794,168
Restricted for sales tax dedications	196,184	-	196,184	309,355
Restricted for debt service	11,888	77,626	89,514	37,032
Unrestricted	<u>423,569</u>	<u>197,195</u>	<u>620,764</u>	<u>(191,280)</u>
Total net position	<u>\$ 1,574,957</u>	<u>\$ 1,952,988</u>	<u>\$ 3,527,945</u>	<u>\$ 2,949,275</u>

TOWN OF SUNSET, LOUISIANA
General and Special Revenue Funds

Balance Sheet
June 30, 2021
With Comparative Amounts as of June 30, 2020

	General		Sales Tax Special Revenue	
	2021	2020	2021	2020
ASSETS				
Cash and interest-bearing deposits	\$ 447,915	\$ 479,173	\$ 274,972	\$ 76,383
Receivables:				
Ad valorem taxes	4,228	1,848	-	-
Franchise taxes	34,975	30,527	-	-
Due from other governmental units	8,986	192,122	-	-
Due from other funds	407,469	295,510	240,789	244,972
Other	49,405	-	-	-
Total assets	<u>\$ 952,978</u>	<u>\$ 999,180</u>	<u>\$ 515,761</u>	<u>\$ 321,355</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 86,734	\$ 66,689	\$ -	\$ -
Salaries and related benefits	-	17,720	-	-
Contracts payable	-	168,223	-	-
Retainage payable	-	18,691	-	-
Due to other funds	321,246	271,054	10,222	12,000
Total liabilities	<u>407,980</u>	<u>542,377</u>	<u>10,222</u>	<u>12,000</u>
Fund balances -				
Restricted:				
Sales tax dedications	-	-	505,539	309,355
Unassigned	544,998	456,803	-	-
Total fund balances	<u>544,998</u>	<u>456,803</u>	<u>505,539</u>	<u>309,355</u>
Total liabilities and fund balances	<u>\$ 952,978</u>	<u>\$ 999,180</u>	<u>\$ 515,761</u>	<u>\$ 321,355</u>

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 150,000	\$ 147,500	\$ 149,650	\$ 2,150	\$ 143,665
Payments in lieu of taxes	9,500	9,000	-	(9,000)	9,293
Franchise -					
Electric	125,500	132,500	138,834	6,334	126,028
Cable television	2,100	2,080	4,061	1,981	1,851
Telephone	1,650	1,995	1,503	(492)	2,081
Total taxes	<u>288,750</u>	<u>293,075</u>	<u>294,048</u>	<u>973</u>	<u>282,918</u>
Licenses and permits	<u>155,000</u>	<u>173,926</u>	<u>223,166</u>	<u>49,240</u>	<u>188,096</u>
Intergovernmental:					
State of Louisiana -					
Beer taxes	4,500	5,050	5,294	244	5,065
Fire insurance rebate	9,000	-	9,057	9,057	18,142
Racino income	35,000	33,114	39,697	6,583	31,427
On-behalf payments	36,000	33,500	33,170	(330)	36,000
Grass cutting	5,890	5,890	8,835	2,945	5,890
State grants	6,000	17,456	-	(17,456)	146,203
St Landry Parish SW Disposal District	-	-	-	-	40,909
Total intergovernmental	<u>96,390</u>	<u>95,010</u>	<u>96,053</u>	<u>1,043</u>	<u>283,636</u>
Fines and forfeits					
Court fines	95,000	256,457	271,962	15,505	100,101
Step tickets	90,000	112,646	111,660	(986)	64,584
Total fines and forfeits	<u>185,000</u>	<u>369,103</u>	<u>383,622</u>	<u>14,519</u>	<u>164,685</u>
Miscellaneous:					
Community Center	-	-	300	300	6,340
Donations	6,000	4,091	3,188	(903)	5,865
Proceeds from sale of capital assets	-	-	120	120	10,954
Interest income	50	40	102	62	38
Other miscellaneous revenue	8,000	36,859	62,775	25,916	10,147
Total miscellaneous	<u>14,050</u>	<u>40,990</u>	<u>66,485</u>	<u>25,495</u>	<u>33,344</u>
Total revenues	<u>\$ 739,190</u>	<u>\$ 972,104</u>	<u>\$ 1,063,374</u>	<u>\$ 91,270</u>	<u>\$ 952,679</u>

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021				
	Budget		Actual	Variance with	2020 Actual
	Original	Final		Final Budget Positive (Negative)	
Current:					
General government -					
Salaries - Mayor and council	\$ 40,000	\$ 42,325	\$ 42,295	\$ 30	\$ 40,625
Salaries - clerical	120,000	107,974	113,158	(5,184)	116,624
Payroll taxes	12,240	11,809	13,153	(1,344)	11,696
Retirement	33,500	32,836	33,307	(471)	31,290
Office supplies and postage	26,775	39,738	38,598	1,140	36,193
Conventions and meetings	5,000	4,072	5,974	(1,902)	18,523
Advertising and publications	2,000	4,026	9,155	(5,129)	2,385
Preparation of tax roll	6,000	4,725	4,725	-	6,053
Insurance	94,500	97,337	99,861	(2,524)	95,343
Legal and professional	28,500	37,626	39,980	(2,354)	30,334
Accounting and audit	13,050	12,948	13,203	(255)	13,710
Consulting	35,000	88,891	93,023	(4,132)	53,634
Miscellaneous	13,000	9,806	13,784	(3,978)	6,347
Repairs and maintenance	7,500	17,050	7,584	9,466	7,327
Telephone	27,250	16,322	25,404	(9,082)	27,505
Utilities	12,500	8,719	12,687	(3,968)	7,015
Coroner's fees	2,750	2,640	2,400	240	2,200
Community Center	-	-	-	-	3,094
Rent expense	1,000	-	-	-	800
Total general government	<u>480,565</u>	<u>538,844</u>	<u>568,291</u>	<u>(29,447)</u>	<u>510,698</u>
Public safety - police -					
Salaries	375,000	352,648	373,396	(20,748)	381,891
On-behalf salaries	24,000	21,500	20,524	976	24,400
Payroll taxes	30,524	28,096	28,831	(735)	40,744
Retirement	28,500	20,309	20,884	(575)	19,305
Accounting and audit	2,565	2,565	2,616	(51)	2,476
Office supplies	7,150	17,730	17,162	568	13,572
Materials and supplies	5,000	3,715	3,096	619	3,180
Drug testing	1,000	815	791	24	663
Utilities	2,250	2,920	2,823	97	2,042
Repairs and maintenance	3,250	3,025	2,785	240	3,329
Auto expense	16,250	21,424	18,597	2,827	32,593
Gasoline	17,500	17,070	16,529	541	15,667
Uniforms	2,850	395	2,696	(2,301)	2,421
Insurance	95,000	97,852	100,389	(2,537)	94,799
Telephone	15,250	14,702	11,464	3,238	13,117
Conventions and meetings	1,250	180	360	(180)	919
Prisoner meals	500	238	198	40	295
Radio and radar expense	750	8,773	1,795	6,978	160
Miscellaneous	1,000	521	434	87	1,436
Indigent defender expense	24,500	17,750	8,208	9,542	17,350
Total public safety - police	<u>654,089</u>	<u>632,228</u>	<u>633,578</u>	<u>(1,350)</u>	<u>670,359</u>

(continued)

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021		Actual	Variance with Final Budget Positive (Negative)	2020 Actual
	Budget				
	Original	Final			
Public safety - fire -					
Salaries	67,500	63,087	65,844	(2,757)	65,331
On behalf salaries	12,000	12,000	12,000	-	12,000
Payroll taxes	6,081	5,005	6,106	(1,101)	7,755
Accounting and audit	2,475	2,475	2,524	(49)	2,284
Materials and supplies	20,000	11,729	10,904	825	11,192
Utilities	4,250	4,897	4,594	303	4,127
Repairs and maintenance	7,500	16,902	18,982	(2,080)	4,796
Contractual services	-	4,223	3,519	704	10,470
Insurance	26,500	27,295	28,003	(708)	25,418
Telephone	6,250	7,075	6,427	648	6,162
Gasoline	3,500	911	1,450	(539)	2,696
Uniforms	500	-	2,421	(2,421)	2,710
Miscellaneous	250	396	426	(30)	165
Total public safety - fire	<u>156,806</u>	<u>155,995</u>	<u>163,200</u>	<u>(7,205)</u>	<u>155,106</u>
Public works - streets -					
Salaries	87,500	37,866	39,560	(1,694)	20,483
Payroll taxes	6,694	2,897	3,031	(134)	2,054
Retirement	3,050	535	928	(393)	2,355
Accounting and audit	2,655	2,655	2,707	(52)	2,665
Materials and supplies	3,000	4,919	6,342	(1,423)	3,364
Auto and truck expense	5,500	2,647	2,916	(269)	4,603
Gasoline	3,750	902	1,425	(523)	2,891
Repairs and maintenance	3,500	2,771	2,335	436	3,308
Insurance	32,500	33,475	34,343	(868)	31,698
Uniforms	4,950	3,491	3,568	(77)	4,451
Utilities	35,750	45,160	41,961	3,199	38,839
Tractor and backhoe expense	9,000	3,650	3,306	344	9,403
Miscellaneous	9,000	4,997	4,457	540	1,856
Shell, gravel and dirt	3,800	4,369	5,549	(1,180)	4,418
Animal control expenses	-	102	85	17	1,374
Station	1,500	1,072	893	179	300
Engineering services	500	5,765	23,178	(17,413)	-
Total public works - streets	<u>212,649</u>	<u>157,273</u>	<u>176,584</u>	<u>(19,311)</u>	<u>134,062</u>
Debt service -					
Principal	22,799	-	18,335	(18,335)	8,417
Interest	-	-	1,175	(1,175)	2,024
Total debt service	<u>22,799</u>	<u>-</u>	<u>19,510</u>	<u>(19,510)</u>	<u>10,441</u>
Capital outlay:					
General government -					
Land	-	-	-	-	34,156
Road overlay	-	-	-	-	212,147
Public safety -					
Police	60,000	-	-	-	-
Fire	-	13,500	19,016	(5,516)	-
Total capital outlay	<u>60,000</u>	<u>13,500</u>	<u>19,016</u>	<u>-</u>	<u>246,303</u>
Total expenditures	<u>\$ 1,586,908</u>	<u>\$ 1,497,840</u>	<u>\$ 1,580,179</u>	<u>\$ (76,823)</u>	<u>\$ 1,726,969</u>

TOWN OF SUNSET, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 650,000	\$ 774,611	\$ 832,889	\$ 58,278	\$ 686,695
Miscellaneous - interest and other	250	132	202	70	106
Total revenues	<u>650,250</u>	<u>774,743</u>	<u>833,091</u>	<u>58,348</u>	<u>686,801</u>
Expenditures:					
General government -					
Collection fees	6,125	6,160	6,290	(130)	5,849
Professional fees	3,450	2,676	3,160	(484)	3,055
Office expense	100	56	55	1	16
Total general government	<u>9,675</u>	<u>8,892</u>	<u>9,505</u>	<u>(613)</u>	<u>8,920</u>
Excess of revenues over expenditures	640,575	765,851	823,586	57,735	677,881
Other financing uses:					
Transfers out	<u>(717,009)</u>	<u>(622,009)</u>	<u>(627,402)</u>	<u>(5,393)</u>	<u>(737,525)</u>
Net change in fund balance	(76,434)	143,842	196,184	52,342	(59,644)
Fund balance, beginning	<u>309,355</u>	<u>309,355</u>	<u>309,355</u>	<u>-</u>	<u>368,999</u>
Fund balance, ending	<u>\$ 232,921</u>	<u>\$ 453,197</u>	<u>\$ 505,539</u>	<u>\$ 52,342</u>	<u>\$ 309,355</u>

TOWN OF SUNSET, LOUISIANA
Debt Service Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Miscellaneous - interest and other	-	-	-	\$ -	-
Expenditures:					
General government -					
Office expense	-	6	12	(6)	-
Debt service -					
Principal	17,000	17,000	17,000	-	17,000
Interest	5,009	4,951	4,951	-	5,637
Total debt service	22,009	21,951	21,951	-	22,637
Total expenditures	22,009	21,957	21,963	(6)	22,637
Deficiency of revenues over expenditures	(22,009)	(21,957)	(21,963)	6	(22,637)
Other financing sources:					
Transfers in	22,009	22,009	22,402	393	22,525
Net change in fund balance	-	52	439	399	(112)
Fund balance, beginning	12,226	12,226	12,226	-	12,338
Fund balance, ending	<u>\$ 12,226</u>	<u>\$ 12,278</u>	<u>\$ 12,665</u>	<u>\$ 399</u>	<u>\$ 12,226</u>

TOWN OF SUNSET, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2021 and 2020

Records maintained by the Town indicated the following number of customers were being serviced during the months of June 30, 2021 and 2020:

<u>Department</u>	<u>2021</u>	<u>2020</u>
Gas (metered)	511	473
Water (metered)	1,333	1,296
Sewer	1,168	1,125

TOWN OF SUNSET, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2021

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	131,868
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, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and interest-bearing demand deposits	\$ 464,814	\$ 85,238
Accounts receivable, net	84,931	45,806
Total current assets	549,745	131,044
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	237,426	176,194
Capital assets, net of accumulated depreciation	2,048,167	2,193,773
Total noncurrent assets	2,285,593	2,369,967
Total assets	2,835,338	2,501,011
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	7,342	-
LIABILITIES		
Current liabilities:		
Accounts payable	35,999	18,627
Accrued liabilities	400	3,010
Due to other funds	284,030	220,422
Payable from restricted assets -		
Customers' deposits	140,800	131,495
Bonds payable	19,000	19,000
Total current liabilities	480,229	392,554
Noncurrent liabilities:		
Bonds payable	370,000	389,000
Net pension liability	27,424	-
Total noncurrent liabilities	397,424	389,000
Total liabilities	877,653	781,554
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	12,039	-
NET POSITION		
Net investment in capital assets	1,678,167	1,804,773
Restricted for debt service	77,626	25,699
Unrestricted	197,195	(111,015)
Total net position	\$ 1,952,988	\$ 1,719,457

TOWN OF SUNSET, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Statement of Revenues and Expenses
Years Ended June 30, 2021 and 2020

	Totals		Gas	
	2021	2020	2021	2020
Operating revenues:				
Charges for services -				
Billings to customers	\$ 1,046,673	\$ 638,191	\$ 395,023	\$ 212,340
Gas, water, and sewer taps	13,001	30,219	5,401	15,019
Delinquent charges	19,603	25,015	9,538	9,678
Other fees	35,243	19,813	5,660	1,618
Total operating revenues	<u>1,114,520</u>	<u>713,238</u>	<u>415,622</u>	<u>238,655</u>
Operating expenses:				
Salaries	162,258	133,434	50,605	44,478
Payroll taxes	11,727	13,383	3,909	4,461
Retirement/pension expense (benefit)	35,970	(31,000)	8,957	(10,333)
Meter reading	7,726	9,720	3,863	2,884
Gas purchases	49,941	50,080	49,941	50,080
Survey and analysis expense	24,155	15,532	7,678	8,040
Materials and supplies	66,193	78,017	23,759	11,728
State mandated water fee	19,268	12,896	-	-
Office supplies and postage	10,626	7,745	5,215	3,123
Repairs and maintenance	103,158	100,894	9,835	-
Insurance	44,763	39,103	9,099	7,333
Utilities	50,218	48,166	622	655
Telephone	4,206	9,082	642	3,547
Internet	13,642	11,851	-	-
Auto expense	6,512	5,673	1,950	2,008
Accounting and audit	23,627	28,574	9,657	16,061
Engineering	32,912	29,417	-	-
Contract labor	36,572	17,958	849	3,300
Miscellaneous	19,098	9,789	7,419	2,749
Depreciation	145,606	128,983	4,832	4,943
Total operating expenses	<u>872,295</u>	<u>719,297</u>	<u>202,949</u>	<u>155,057</u>
Operating income (loss)	<u>242,225</u>	<u>(6,059)</u>	<u>\$ 212,673</u>	<u>\$ 83,598</u>
Nonoperating revenues (expenses):				
Interest income	57	100		
Interest expense	(8,751)	(11,192)		
Total nonoperating revenues (expenses)	<u>(8,694)</u>	<u>(11,092)</u>		
Income before contributions and transfers	233,531	(17,151)		
Capital contributions	-	58,817		
Transfers out	-	(51,780)		
Change in net position	233,531	(10,114)		
Net position, beginning	<u>1,719,457</u>	<u>1,729,571</u>		
Net position, ending	<u>\$ 1,952,988</u>	<u>\$ 1,719,457</u>		

Water		Sewer	
2021	2020	2021	2020
\$ 404,120	\$ 248,759	\$ 247,530	\$ 177,092
7,100	13,000	500	2,200
8,421	11,874	1,644	3,463
<u>23,637</u>	<u>16,427</u>	<u>5,946</u>	<u>1,768</u>
<u>443,278</u>	<u>290,060</u>	<u>255,620</u>	<u>184,523</u>
50,605	44,478	61,048	44,478
3,909	4,461	3,909	4,461
18,056	(10,334)	8,957	(10,333)
3,863	6,836	-	-
-	-	-	-
3,881	473	12,596	7,019
38,620	65,699	3,814	590
19,268	12,896	-	-
5,411	4,622	-	-
27,635	39,208	65,688	61,686
25,889	23,729	9,775	8,041
14,652	13,280	34,944	34,231
2,512	4,777	1,052	758
13,642	11,851	-	-
1,644	1,920	2,918	1,745
7,326	7,181	6,644	5,332
21,014	20,151	11,898	9,266
33,472	13,858	2,251	800
-	-	-	-
8,225	5,049	3,454	1,991
<u>87,417</u>	<u>87,417</u>	<u>53,357</u>	<u>36,623</u>
<u>387,041</u>	<u>357,552</u>	<u>282,305</u>	<u>206,688</u>
<u>\$ 56,237</u>	<u>\$ (67,492)</u>	<u>\$ (26,685)</u>	<u>\$ (22,165)</u>

TOWN OF SUNSET, LOUISIANA
Sunset, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session

Entity Name: Town of Sunset, Louisiana
LLA Entity ID#: 2323
Date that reporting period ended: 6/30/2021

	First Six Month Period Ended <u>12/31/2020</u>	Second Six Month Period Ended <u>6/30/2021</u>
Cash Basis Presentation		
Beginning balance of amounts collected	<u>\$ 20,360</u>	<u>\$ 56,849</u>
Add: Collections		
Bond fees	20,740	19,800
Criminal fines - other	<u>159,254</u>	<u>214,294</u>
Subtotal Collections	<u>179,994</u>	<u>234,094</u>
Less Disbursements to Governments & Nonprofits		
Louisiana Association of Chiefs of Police/Cost	270	-
St. Landry Crime Stoppers, Inc./Cost	270	2,054
CMIS/Cost	405	-
Louisiana Supreme Court/Cost	65	-
Louisiana Commission on Law Enforcement/Fees and cost	265	585
Louisiana Department of Health Traumatic Head & Spinal Cord Injury Trust/Cost	330	-
Acadiana Criminalistics Laboratory Commission/Cost	4,760	-
Less Amounts Retained by Collecting Agency		
Amount "self-disbursed" to collecting agency		
Criminal fines/costs - other	136,340	189,311
Less Disbursements to Individuals/3rd party collection or processing agencies:		
Bond fee refunds	<u>800</u>	<u>4,020</u>
Subtotal Disbursements/Retainage	<u>143,505</u>	<u>195,970</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u><u>\$ 56,849</u></u>	<u><u>\$ 94,973</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*

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 *Government 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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 item number 2021-001 and 2021-002 that we consider 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of 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
December 29, 2021

TOWN OF SUNSET, LOUISIANA

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

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

A. Internal Control Findings -

2021-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2016

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and assessing the Risks of Material Misstatement*, defines internal control as follows: "Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

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

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of individuals performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTION ACTION PLAN: Management has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

2021-002 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. Not reconciling detailed subsidiary ledgers and statements to the balances in the general ledger on a monthly basis is a fraud risk factor.

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

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures to achieve adequate internal control.

TOWN OF SUNSET, LOUISIANA

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

EFFECT: Errors or irregularities could be made in the recording of deposits, billings, payments, adjustments, or voided receipts without being detected 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.

B. Compliance Findings -

There were no compliance findings for the fiscal year ended June 30, 2021.

Part II. Prior Year Findings

A. Internal Control Findings -

2020-001 Inadequate Segregation of Accounting Functions

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 2021-001.

2020-002 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 2021-002.

B. Compliance Finding -

No findings reported under this section.