

OFFICIAL  
FILE COPY

DO NOT SEND OUT

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

99100019  
2323

69

ANNUAL FINANCIAL REPORT  
OF THE  
TOWN OF SUNSET, LOUISIANA  
FOR THE YEAR ENDED JUNE 30, 1998

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

Release Date JAN 27 1999

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
 <u>GENERAL PURPOSE FINANCIAL STATEMENTS</u>	
Combined Balance Sheet - All Fund Types and Account Groups	3-4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	5-6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds	7
Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types	8
Statement of Cash Flows - All Proprietary Fund Types - Enterprise Fund	9-10
Notes to Financial Statements	11-23
 <u>FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS</u>	
General Fund -	24
Balance Sheet	25
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	26
Detailed Schedule of Revenues - Budget and Actual	27
Detailed Schedule of Expenditures - Budget and Actual	28-30
Special Revenue Fund -	31
Balance Sheet	32
Statement of Revenues, Expenditures, and Changes in Fund Balance	33
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	34
Debt Service Funds -	35
Combining Balance Sheet	36
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	37

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
Enterprise Fund -	38
Balance Sheet	39-40
Statement of Revenues, Expenses, and Changes in Retained Earnings	41
Statement of Cash Flows	42
Schedule of Changes in Assets Restricted for Revenue Bond Debt Service and Customers' Meter Deposits	43
Schedule of Operating Expenses	44-45
Fiduciary Fund Types -	46
Balance Sheet	47
<u>FINANCIAL STATEMENTS OF ACCOUNT GROUPS</u>	
General Fixed Assets Account Group	48
Statement of General Fixed Assets	49
General Long-term Debt Account Group	50
Statement of General Long-term Debt	51
<u>RELATED REPORTS</u>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	52-53
Schedule of Findings and Questioned Costs	54
<u>OTHER SUPPLEMENTARY DATA</u>	
Schedule of Prior Year Findings	55
Combined Schedule of Bonds Payable	56
Combined Schedule of Investments - All Funds	57
Schedule of Insurance in Force - Unaudited	58
Schedule of Compensation Paid to Governing Body	59

John Newton Stout, CPA  
 Joel Lanclos, Jr., CPA  
 Russell J. Stelly, CPA  
 Dwight Ledoux, CPA  
 Chizal S. Fontenot, CPA  
 James L. Nicholson, Jr., CPA  
 G. Kenneth Pavy, II, CPA  
 Darren J. Cart, CPA



**JOHN S. DOWLING & COMPANY**  
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA  
 (1904-1984)

Harold Dupre, CPA  
 Retired

INDEPENDENT AUDITOR'S REPORT

The Honorable John L. Olivier  
 and Members of the Board of Aldermen  
 Town of Sunset, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Sunset, Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Because of the inadequacy of accounting records on general fixed assets, we were unable to form an opinion regarding the amounts at which the General Fixed Assets Account Group are recorded in the accompanying balance sheet at June 30, 1998 (stated at \$1,228,308). The general fixed assets records are not complete as to the cost or estimated cost for individual fixed assets, and this precluded the application of sufficient audit tests necessary for us to satisfy ourselves as to the valuation of general fixed assets.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the accounting records of the General Fixed Assets Account Group been adequate, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Sunset, Louisiana, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 24, 1998, on our consideration of the Town of Sunset's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Honorable John L. Olivier  
and Members of the Board of Aldermen  
Page 2

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Town of Sunset, Louisiana, taken as a whole. The combining and individual fund and account group financial statements and schedules for the years ended June 30, 1998 and 1997, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Sunset, Louisiana. Such information, except for the Schedule of Insurance in Force marked "unaudited," and the financial statements presented in the General Fixed Assets Account Group, on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

*John S. Dowling & Co.*

Opelousas, Louisiana  
September 24, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWN OF SUNSET, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1998

ASSETS	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE ENTERPRISE	FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUPS		TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE			GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(Memorandum Only) 1998	1997
Cash	\$46,038	\$5,973	\$13,092	\$134				\$65,237	\$100,254
Investments	76,806		30,790					107,596	109,240
Receivables, net of allowance for uncollectibles									
Property taxes	198		51					249	883
Franchise taxes	21,109			40,287				21,109	19,276
Accounts								40,287	40,693
Interest	191							691	502
From other governments	5,889		500	3,227				9,116	6,542
Grants	3,286							3,286	
Other	6,023							6,023	6,425
Due from restricted assets				8,181				8,181	8,081
Due from other funds	10,131		23,027	1,661	\$655			35,474	30,820
Prepaid insurance				4,277				4,277	4,502
Restricted assets									
Cash				56,787				56,787	92,147
Investments				95,597				95,597	149,511
Accrued interest receivable				283				283	212
Property and equipment, net of accumulated depreciation									
Amount available in Debt Service Fund				1,559,354			\$1,228,308	2,787,662	2,964,998
Amount to be provided for retirement of general long-term debt								\$37,237	40,953
								102,763	112,047
<b>Total assets</b>	<b>169,671</b>	<b>5,973</b>	<b>67,460</b>	<b>1,769,788</b>	<b>655</b>	<b>1,228,308</b>	<b>140,000</b>	<b>3,381,855</b>	<b>3,687,086</b>

This statement continued on next page.

TOWN OF SUNSET, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)  
 JUNE 30, 1998

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUPS		TOTALS		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE		PROPRIETARY FUND TYPE ENTERPRISE	GENERAL	LONG-TERM DEBT	(Memorandum Only)	1997
						FIXED ASSETS			
<b>LIABILITIES AND FUND EQUITY</b>									
<b>LIABILITIES</b>									
Bank overdrafts	\$1,119			\$536			\$11,488	\$14,857	
Accounts payable	5,513			119			16,900	29,277	
Insurance payable								2,046	
Payroll taxes payable								4,571	
Retirement payable								2,521	
Insurance payable								30,820	
Due to other funds	8,906		\$25,558	1,010			35,474		
Payable from restricted assets									
Customers' deposits				26,483			26,483	27,826	
Due to operating account				8,181			8,181	8,081	
Revenue bonds payable				15,088			15,088	39,132	
Accrued interest payable				601			601	239	
Loan payable				30,000			30,000	50,000	
Long-term debt									
Revenue bonds payable				359,973			359,973	373,861	
General obligation bonds payable									
Total liabilities	<u>15,538</u>	<u>-0-</u>	<u>25,558</u>	<u>655</u>	<u>-0-</u>	<u>\$140,000</u>	<u>140,000</u>	<u>153,000</u>	
<b>FUND EQUITY</b>									
Contributed capital									
Investment in general fixed assets									
Retained earnings									
Reserved									
Unreserved									
Fund balance									
Reserved									
Unreserved, undesignated	<u>154,133</u>	<u>\$5,973</u>	<u>37,237</u>	<u>-0-</u>	<u>\$1,228,308</u>	<u>140,000</u>	<u>102,314</u>	<u>40,953</u>	
Total fund equity	<u>154,133</u>	<u>5,973</u>	<u>41,902</u>	<u>-0-</u>	<u>1,228,308</u>	<u>-0-</u>	<u>(1,112,184)</u>	<u>122,769</u>	
Total liabilities and fund equity	<u>169,671</u>	<u>5,973</u>	<u>67,460</u>	<u>655</u>	<u>1,228,308</u>	<u>140,000</u>	<u>3,381,855</u>	<u>3,687,086</u>	

The accompanying notes are an integral part of these statements.



TOWN OF SUNSET, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 1998

	<u>GOVERNMENTAL FUND TYPES</u>			<u>TOTALS</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>(MEMORANDUM ONLY)</u>	<u>1997</u>
<u>REVENUES</u>					
Taxes	\$129,654	\$124,748	\$12,082	\$266,484	\$260,475
Licenses and permits	63,255			63,255	72,712
Intergovernmental	44,247			44,247	28,681
Charges for services	8,092			8,092	7,647
Fines and forfeits	35,076			35,076	51,170
Investment income	4,429	329	2,164	6,922	5,840
Miscellaneous	50,271			50,271	43,337
<u>Total revenues</u>	<u>335,024</u>	<u>125,077</u>	<u>14,246</u>	<u>474,347</u>	<u>469,862</u>
<u>EXPENDITURES</u>					
Current					
General and administrative	204,514	1,273		205,787	271,533
Street	96,593			96,593	76,616
Police	281,584			281,584	267,835
Fire	11,498			11,498	19,432
Health and welfare	1,337			1,337	365
Debt service					
Principal retirement			13,000	13,000	14,000
Interest and fiscal charges			12,364	12,364	14,061
<u>Total expenditures</u>	<u>595,526</u>	<u>1,273</u>	<u>25,364</u>	<u>622,163</u>	<u>663,842</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(260,502)</u>	<u>123,804</u>	<u>(11,118)</u>	<u>(147,816)</u>	<u>(193,980)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	320,682		7,200	327,882	399,020
Operating transfers out		(141,780)		(141,780)	(144,000)
<u>Total other financing sources (uses)</u>	<u>320,682</u>	<u>(141,780)</u>	<u>7,200</u>	<u>186,102</u>	<u>255,020</u>

This statement continued on next page.

TOWN OF SUNSET, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES (CONTINUED)  
YEAR ENDED JUNE 30, 1998

EXCESS OF REVENUES AND OTHER SOURCES OVER  
(UNDER) EXPENDITURES AND OTHER (USES)

FUND BALANCE, beginning of year

FUND BALANCE, end of year

	<u>GOVERNMENTAL FUND TYPES</u>			<u>TOTALS</u>	
	<u>SPECIAL</u>	<u>DEBT</u>	<u>SERVICE</u>	<u>(MEMORANDUM ONLY)</u>	
	<u>REVENUE</u>	<u>REVENUE</u>	<u>REVENUE</u>	<u>1998</u>	<u>1997</u>
	\$60,180	\$(17,976)	\$(3,918)	\$38,286	\$61,040
	<u>93,953</u>	<u>23,949</u>	<u>45,820</u>	<u>163,722</u>	<u>102,682</u>
	<u>154,133</u>	<u>5,973</u>	<u>41,902</u>	<u>202,008</u>	<u>163,722</u>

The accompanying notes are an integral part of these statements.

TOWN OF SUNSET, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998

	GENERAL FUND		SPECIAL REVENUE FUND		TOTALS (Memorandum Only) 1998
	Budget	ACTUAL	BUDGET	ACTUAL	
<b>REVENUES</b>					
Taxes	\$128,708	\$129,654	\$120,102	\$124,748	\$254,402
Licenses and permits	63,535	63,255			63,255
Intergovernmental	40,806	44,247			44,247
Charges for services	7,960	8,092			8,092
Fines and forfeits	32,314	35,076			35,076
Investment income	3,774	4,429	293	329	4,758
Miscellaneous	34,739	50,271			50,271
<u>Total revenues</u>	<u>311,836</u>	<u>335,024</u>	<u>120,395</u>	<u>125,077</u>	<u>460,101</u>
				VARIANCE	
				FAVORABLE	
				(UNFAVORABLE)	
<b>EXPENDITURES</b>					
Current operating					
General and administrative	190,911	204,514	1,262	1,273	205,787
Street	94,825	96,593			96,593
Police	283,969	281,584			281,584
Fire	11,518	11,498			11,498
Health and welfare	942	1,337			1,337
<u>Total expenditures</u>	<u>582,165</u>	<u>595,526</u>	<u>1,262</u>	<u>1,273</u>	<u>596,799</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(270,329)</b>	<b>(260,502)</b>	<b>119,133</b>	<b>123,804</b>	<b>(136,698)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	311,008	320,682			320,682
Operating transfers out			(113,780)	(141,780)	(141,780)
<u>Total other financing sources (uses)</u>	<u>311,008</u>	<u>320,682</u>	<u>(113,780)</u>	<u>(141,780)</u>	<u>178,902</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>40,679</b>	<b>60,180</b>	<b>5,353</b>	<b>(17,976)</b>	<b>42,204</b>
<b>FUND BALANCE, beginning of year</b>		<u>93,953</u>		<u>23,949</u>	<u>117,902</u>
<b>FUND BALANCE, end of year</b>		<u>154,133</u>		<u>5,973</u>	<u>160,106</u>

The accompanying notes are an integral part of these statements.

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1998

	<u>TOTALS</u>	
	<u>1998</u>	<u>(MEMORANDUM ONLY)</u> <u>1997</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Gas sales	\$221,390	\$217,685
Water sales	101,717	96,092
Sewer sales	110,051	110,147
Miscellaneous income	18,717	6,330
<u>Total operating revenues</u>	<u>451,875</u>	<u>430,254</u>
<u>OPERATING EXPENSES</u>		
Personal services	84,240	73,975
Contractual services	98,085	110,121
Supplies	20,326	16,232
Other expenses	107,815	101,997
Depreciation	240,153	235,828
<u>Total operating expenses</u>	<u>550,619</u>	<u>538,153</u>
<u>OPERATING LOSS</u>	<u>(98,744)</u>	<u>(107,899)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest income	9,778	13,293
Interest expense	(18,216)	(17,836)
Paying agent fees	(334)	(567)
<u>Total nonoperating revenues (expenses)</u>	<u>(8,772)</u>	<u>(5,110)</u>
<u>INCOME BEFORE OPERATING TRANSFERS</u>	<u>(107,516)</u>	<u>(113,009)</u>
<u>OPERATING TRANSFERS OUT</u>	<u>(186,102)</u>	<u>(249,020)</u>
<u>NET LOSS</u>	<u>(293,618)</u>	<u>(362,029)</u>
<u>RETAINED EARNINGS, beginning of year</u>	<u>(716,252)</u>	<u>(354,223)</u>
<u>RETAINED EARNINGS, end of year</u>	<u>(1,009,870)</u>	<u>(716,252)</u>

The accompanying notes are an integral part of these statements.

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES - ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 1998

	<u>TOTALS</u>	
	<u>1998</u>	<u>(MEMORANDUM ONLY)</u> <u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$449,515	\$428,738
Cash payments to suppliers for goods and services	(224,400)	(239,331)
Cash payments to employees for services	(75,419)	(68,456)
<u>Net cash provided by operating activities</u>	<u>149,696</u>	<u>120,951</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating transfers - out to other funds	(186,102)	(249,019)
<u>Net cash used for noncapital financing activities</u>	<u>(186,102)</u>	<u>(249,019)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition and construction of capital assets	(43,723)	(25,797)
Principal paid on revenue bonds	(37,932)	(39,133)
Interest paid on revenue bonds	(17,854)	(20,580)
Principal paid on loan	(20,000)	
Customers' deposits, net	(1,343)	541
Contributed capital		(6,000)
Construction grant received from state	22,931	
Paying agent fees	(334)	(567)
Utility bond proceeds		<u>20,836</u>
<u>Net cash used for capital and related financing activities</u>	<u>(98,255)</u>	<u>(70,700)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Redemption of investments	58,500	143,411
Interest earned on investments	9,707	14,258
Reinvestment of interest earned	(4,586)	(2,731)
<u>Net cash provided by investing activities</u>	<u>63,621</u>	<u>154,938</u>
<u>NET DECREASE IN CASH</u>	<u>(71,040)</u>	<u>(43,830)</u>
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>127,961</u>	<u>171,791</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>56,921</u>	<u>127,961</u>

This statement continued on next page.

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES - ENTERPRISE FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 1998

	TOTALS	
	1998	(MEMORANDUM ONLY) 1997
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u>		
<u>PROVIDED BY OPERATING ACTIVITIES</u>		
Operating income	\$(98,744)	\$(107,899)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	240,153	235,828
(Increase) decrease in receivables	406	(611)
(Increase) decrease in prepaid insurance	225	(987)
(Increase) decrease in due from other funds	(506)	377
(Increase) decrease in due from other governments	(2,766)	(461)
Increase (decrease) in accounts payable	816	(5,583)
Increase (decrease) in sales tax payable		(444)
Increase (decrease) in due to other funds	279	731
Increase (decrease) in bank overdrafts	9,833	
<u>Total adjustments</u>	<u>248,440</u>	<u>228,850</u>
 <u>Net cash provided by operating activities</u>	 <u>149,696</u>	 <u>120,951</u>

The accompanying notes are an integral part of these statements.

TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and reporting practices of the Town of Sunset conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies and practices of the Town of Sunset.

REPORTING ENTITY. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Sunset for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

The Town of Sunset is a primary government and the accompanying general purpose financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

FUND ACCOUNTING. The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into six generic fund types and three broad fund categories as follows:

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.

TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Fund. The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

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

Capital Projects Funds. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Proprietary Fund

Enterprise Fund. The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and 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.

Fiduciary Fund

Agency Funds. Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

BASIS OF ACCOUNTING. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.



TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The modified accrual basis of accounting is used by all governmental fund types and fiduciary funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is for principal and interest on general long-term debt which is recognized when due. Expenditures for insurance and similar services which extend over more than one accounting period are accounted for as expenditures of the period of acquisition.

The proprietary fund type is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred. Revenues earned and expenses incurred are recognized in a government's proprietary funds in essentially the same manner as in commercial accounting. However, where the GASB has issued pronouncements applicable to entities and activities recognized in a government's proprietary funds, those entities and activities should be guided by the GASB pronouncements. Only minor adaptations are involved in applying the revenue realization and expense recognition principles in the governmental environment.

CASH AND INVESTMENTS. Louisiana statutes authorize the Town to invest in direct United States Treasury obligations; bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and backed by the United States; bonds debentures, notes, or other evidence of indebtedness issued or guaranteed by United States government instrumentalities, which are federally sponsored; and certificates of deposits.

Bank deposits must be secured by federal depository insurance or the pledge of securities owned by the bank. The market value of the pledged securities must at all times equal or exceed 100% of the uninsured amount on deposit with the bank.

At June 30, 1998, the carrying amount of the Town's deposits was \$325,217. The bank balance of cash was \$145,958 and of investments was \$203,193. Investments are stated at cost, which approximates market. These investments consist of certificates of deposit. Of the bank balance, approximately \$155,099 is covered by federal depository insurance, and approximately \$194,052 is covered by securities held by the bank in the Town's name.

TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIXED ASSETS AND LONG-TERM LIABILITIES. All items of property, plant, and equipment (including infrastructure general fixed assets) which do not constitute assets of the Enterprise Fund are recorded in the General Fixed Assets Account Group. Such assets are maintained on the basis of original cost (cash paid plus trade-in allowance, if applicable) and no depreciation is computed or recorded thereon.

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-term Debt Account Group, not in the governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-term Debt Account Group.

Property, plant, and equipment which constitute assets of the Enterprise Fund are recorded at cost and depreciation is computed thereon under the straight-line method of depreciation based on estimated useful lives of the individual assets.

Interest costs during construction, where applicable, are capitalized.

BAD DEBTS. Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicates the uncollectibility of the particular receivable.

Uncollectible amounts due from customers' utility receivables are recognized as bad debts through the adjustment of an allowance account to the balance of individual accounts deemed uncollectible at the end of each fiscal year.

Allowance for uncollectible accounts receivable in the Enterprise Fund at June 30, 1998, is \$166.

BUDGETS AND BUDGETARY ACCOUNTING. The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. At least 30 days prior to the beginning of the fiscal year the Mayor submits to the Town Council an operating and capital budget for the succeeding year.
2. A public meeting is scheduled by the Town Council after allowing for at least 10 days notice to the public at the time the budget is initially submitted to the Town Council.
3. The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.

TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS AND BUDGETARY ACCOUNTING - Continued

4. The Mayor and Town Council may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
5. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

ENCUMBRANCES. The Town does not employ the encumbrance system of accounting.

INVENTORY. The Town practices the policy of recording materials and supplies as expenditures or expenses when acquired. The Town does not record any of these items as inventory because the amount of the items in stock is insignificant.

COMPENSATED ABSENCES. The Town's employees earn and use their vacation and sick leave during the fiscal year. Therefore, there is no provision for compensated absences.

CASH AND CASH EQUIVALENTS. For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

COMPARATIVE DATA. Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

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

(2) CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purposes of the statement of cash flows consist of the following as of June 30, 1998:

Unrestricted assets	
Cash	\$134
Restricted assets	
Cash	<u>56,787</u>
<u>Total cash and cash equivalents</u>	<u>56,921</u>

TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(3) ACCOUNTS RECEIVABLE - ENTERPRISE FUND

The accounts receivable consist of gas, water and sewer billings uncollected as of June 30, 1998. An accounts receivable schedule is as follows:

	<u>June 30, 1998</u>
Unbilled receivable	\$6,623
Uncollected billed receivable	<u>33,830</u>
<u>Total accounts receivable</u>	40,453
Less: allowance for uncollectible accounts	<u>166</u>
<u>Net accounts receivable</u>	<u>40,287</u>

(4) INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$10,131	\$8,906
Debt Service Funds		
Public Improvement Bonds 2/1/73	7,000	15,427
General Obligation Bonds 4/1/88	16,027	10,131
Enterprise Fund	1,661	1,010
Agency Fund		
Payroll Account	<u>655</u>	<u>        </u>
	<u>35,474</u>	<u>35,474</u>

(5) DEFICITS - IN INDIVIDUAL FUNDS

The following fund reflected a deficit fund balance or retained earnings at June 30, 1998.

Enterprise Fund	\$(1,009,870)
-----------------	---------------

(6) RETIREMENT PLANS

General. The Town participates in funding two retirement plans which are described as follows:

Municipal Employees' Retirement System

Plan Description: Substantially all full-time employees of the Town are members of the Municipal Employees' Retirement System of Louisiana, Plan A. The retirement system is a cost-sharing, multiple-employer, statewide retirement system which is administered and controlled by a separate board of trustees. It provides retirement, disability, and survivor benefits to participating, eligible employees. Contributions of participating agencies are pooled within the system to fund accrued benefits,

TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(6) RETIREMENT PLANS (Continued)

with contribution rates approved by state statute. The Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy: Plan A members of the Municipal Employees' Retirement System are required by state statute to contribute 9.25% of their annual covered salary and the Town (as the employer) is required to contribute at an actuarially determined rate. The current employer rate is 5.75% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contribution is additionally funded by the State of Louisiana through the annual legislative appropriation. The Town of Sunset's employer contributions to the Municipal Employees' Retirement System for the years ended June 30, 1998, 1997, 1996, were \$8,417, \$8,395, \$9,497, respectively, and were equal to the required contribution for each year.

Municipal Police Employees' Retirement System

Plan Description: Two full-time employees are currently members of the Municipal Police Employees' Retirement System of Louisiana. The retirement system is a cost-sharing, multiple-employer plan which was created for full-time municipal police officers in Louisiana. The system is administered by a Board of Trustees and includes a representative from the Retirement Committee of the House of Representatives and the Chairman of the Senate Finance Committee or their designees to serve as voting ex-officio members of the Board.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he does not have to pay social security and providing he meets the statutory criteria.

Any member is eligible for normal retirement after he has been a member of the system for one year, if he has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. The Municipal Police Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Police Employees' Retirement System, P. O. Box 6614, Baton Rouge, Louisiana, 70896-6614 or by calling (225) 925-4878.

Funding Policy: Contributions for all members are established by state statute at 7.50% of earnable compensation. The contributions are deducted from the member's salary and remitted by the participating municipality. Contributions for all employers

TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(6) RETIREMENT PLANS (Continued)

are established by state statute at 9% of the employee's earnable compensation excluding overtime but including state supplemental pay. In addition, according to state statute, the system receives the difference in the actuarially required employer contribution and the estimated actual employer contributions in insurance premium tax. This tax is appropriated by the legislature each year based on an actuarial study. The Town of Sunset's employer contributions to the Municipal Police Employees' Retirement System for the years ended June 30, 1998, 1997 and 1996 were \$2,394, \$1,214, \$-0-, respectively, and were equal to the required contribution for each year.

(7) AD VALOREM TAXES

For the year ended June 30, 1998, the Town of Sunset levied a general tax of 7.35 mills, and a special tax of 1.88 mills on property with assessed valuation totaling \$6,448,700. Total tax levied was \$59,523. Net taxes receivable at June 30, 1998 totaled \$249.

The Town's ad valorem tax, levied for the calendar year, is due on or before December 31, and becomes delinquent on January 1.

(8) RESERVES OF FUND EQUITY

The Town records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves used by the Town.

	<u>Balance at June 30, 1998</u>
Debt Service Funds	
Reserved for debt retirement	<u>\$37,237</u>
Enterprise Fund	
Reserved for customers' deposits	3,226
Reserved for bond retirement	<u>99,088</u>
	<u>102,314</u>
<u>Total reserves of fund equity</u>	<u>139,551</u>

TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(9) DEDICATION OF SALES TAX PROCEEDS

Proceeds of the 1% sales and use tax are dedicated to the following purposes:

Constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; opening, constructing, paving, resurfacing and improving streets, sidewalks, and bridges; constructing and improving drains, drainage canals and subsurface drainage; constructing, acquiring or improving any work of public permanent improvement; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Sunset, title to which shall be in the public.

(10) PROPRIETARY FUNDS - RESTRICTED ASSETS

Certain assets of the Enterprise Fund have been restricted for construction, debt service and customers' deposits. These assets consist of cash, short-term investments and interest receivables restricted for the following:

Debt service	\$114,777
Customers' deposits	<u>37,890</u>
	<u>152,667</u>

(11) CONTRIBUTED CAPITAL

Contributed capital on June 30, 1998 consists of:

Contributions from federal agencies	\$1,430,584
Contributions from state grants	282,788
Contributions from Town of Sunset	
Special Revenue Fund	496,079
Capital Projects Fund	<u>107,651</u>
	<u>2,317,102</u>

(12) PROPRIETARY FUND - CHANGES IN DEBT

The following is a summary of changes in Proprietary Fund debt for the year ended June 30, 1998:

<u>Description of Debt</u>	<u>Balance at</u> <u>July 1, 1997</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at</u> <u>June 30, 1998</u>
\$150,000 of Utilities Revenue Bonds dated October 1, 1967	\$9,000		\$9,000	
\$200,000 of Utilities Revenue Bonds dated February 1, 1973	14,000		14,000	
\$410,000 of Utilities Revenue Bonds dated February 17, 1997	<u>389,993</u>	—	<u>14,932</u>	<u>\$375,061</u>
	<u>412,993</u>	<u>-0-</u>	<u>37,932</u>	<u>375,061</u>

TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(12) PROPRIETARY FUND - CHANGES IN DEBT (Continued)

The annual requirements to retire debt as of June 30, 1998, are as follows:

<u>Years Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
1999	\$15,088	\$16,039	\$31,127
2000	15,781	15,346	31,127
2001	16,506	14,621	31,127
2002	17,264	13,863	31,127
2003	18,057	13,070	31,127
2004-2008	103,518	52,115	155,633
2009-2013	129,583	26,050	155,633
2014-2015	<u>59,264</u>	<u>1,800</u>	<u>61,064</u>
	<u>375,061</u>	<u>152,904</u>	<u>527,965</u>

(13) PROPERTY, PLANT, AND EQUIPMENT - ENTERPRISE FUND

A summary of property, plant, and equipment of the Enterprise Fund at June 30, 1998 is as follows:

<u>Description</u>	<u>Life in</u> <u>Years</u>	<u>Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u>	<u>Depreciation</u> <u>This Year *</u>
Land		\$50,208		\$50,208	
Waterworks and gas systems	10	1,591,852	\$1,237,501	354,351	\$52,616
Sewer plant and line extensions	10	2,545,975	1,410,388	1,135,587	181,296
Equipment	5	<u>34,408</u>	<u>15,200</u>	<u>19,208</u>	<u>6,241</u>
<u>Total</u>		<u>4,222,443</u>	<u>2,663,089</u>	<u>1,559,354</u>	<u>240,153</u>

Changes During the Year

<u>BALANCE</u> , beginning of year	\$4,178,720	\$2,422,936			
Additions:					
Waterworks and gas systems		43,723			
Depreciation			<u>240,153</u>		
<u>BALANCE</u> , end of year	<u>4,222,443</u>	<u>2,663,089</u>			

\* All assets are depreciated under the straight-line method.



TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(14) PROPRIETARY FUND TYPE - FLOW OF FUNDS - RESTRICTION ON USE

Under the terms of the bond indentures on outstanding Utilities Revenue Bonds dated October 1, 1967 and February 1, 1973, all income and revenues 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:

Out of the revenue there shall be set aside from time to time into an "Operation and Maintenance Fund" amounts sufficient to provide for the payment of the reasonable and necessary expenses of operating and maintaining the system.

Each month, there will be set aside into a fund called the "Utilities Revenue Bond Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of interest on the outstanding bonds. 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. This deposit must be made on or before the 20th of each month.

There shall also be set aside into a "Utilities Revenue Bond Reserve Fund" an amount equal to 20% of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Utilities Revenue Bond Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Utilities Depreciation and Contingency Fund" an amount equal to 5% of the gross revenues of the preceding month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose.

TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(15) CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in general fixed assets for the year ended June 30, 1998:

	Balance, July 1, <u>1997</u>	<u>Additions</u>	<u>Retirements</u>	Balance, June 30, <u>1998</u>
Buildings and land	\$207,156	\$15,000		\$222,156
Equipment	197,459			197,459
Other structures and improvements	<u>804,599</u>	<u>4,094</u>	—	<u>808,693</u>
<u>Total</u>	<u>1,209,214</u>	<u>19,094</u>	<u>-0-</u>	<u>1,228,308</u>

(16) GENERAL FIXED ASSETS

The Town of Sunset does not have a value placed on all general fixed assets. The procedure of assigning values to individual fixed assets, which began in 1992-1993, was still in process during 1997-1998.

(17) CHANGES IN LONG-TERM DEBT

The general long-term debt as of June 30, 1998 follows:

<u>General Obligation</u>	<u>Original Amount</u>	<u>Interest Rate</u>	Balance Outstanding <u>7/1/97</u>	Issued (Retired) During Year	Balance Outstanding <u>6/30/98</u>
Public Improvement Bonds 2/01/73	\$50,000	5.50%	\$3,000	\$3,000	
General Obligation Bonds 4/01/88	<u>200,000</u>	9.00%	<u>150,000</u>	<u>10,000</u>	<u>\$140,000</u>
	<u>250,000</u>		<u>153,000</u>	<u>13,000</u>	<u>140,000</u>

The annual requirements to retire long-term debt as of June 30, 1998, are as follows:

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
1999	\$10,000	\$10,975	\$20,975
2000	10,000	10,235	20,235
2001	10,000	9,485	19,485
2002	10,000	8,725	18,725
2003	15,000	7,955	22,955
2004-2008	<u>85,000</u>	<u>21,585</u>	<u>106,585</u>
	<u>140,000</u>	<u>68,960</u>	<u>208,960</u>

TOWN OF SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(18) UTILITY REVENUE BOND

A bond for \$410,000 was issued on February 17, 1995 for improvements on the Town's sewer system. The bond has a stated interest of 4 1/2% and is payable over a twenty year period. The first payment consisting of interest only, was due on February 17, 1996. Payments of \$2,681.40 are due on the 17th of each month thereafter through February 17, 2015. The monthly payments shall be equal in amount and consist of fully amortized payments of principal and interest.

Actual monthly payments into the Sinking Fund during the interest only period depend on the schedule of advances of principal made to the Town during construction. Beginning February 20, 1997, a sum of \$2,681.40 is to be deposited each month into the Sinking Fund until February 20, 2015.

Commencing with the month following completion of the project, until February 20, 1997, a sum of \$77 per month is to be deposited into a Reserve Fund. Thereafter, a sum of \$135 is to be deposited into the Reserve Fund until \$32,176.80 has been accumulated therein.

Also, commencing with the month following completion of the project, a sum of \$243 per month must be deposited into a Contingency Fund through February 20, 2015.

(19) PROPRIETARY FUND - LOAN PAYABLE

The State Bond Commission gave the Town of Sunset the authority to incur debt and borrow an amount not to exceed in the aggregate the sum of \$50,000, at an interest rate not to exceed zero percent per annum to be repaid by December 31, 1995, but has been extended indefinitely. These funds were used for the purpose of completing the Town's Water Well Project, and are secured by and payable from revenues accruing to the general fund budget during the time the loan is outstanding. The loan was made at the Bank of Sunset and the balance at June 30, 1998 is \$30,000.

(20) PRIOR YEAR - MEMORANDUM ONLY (RESTATED)

The information for the prior year contained in the combined financial statements is presented under the caption "memorandum only" to indicate that it is presented only to facilitate financial analysis.

Prior year balances in the Enterprise Fund have been restated to reclassify \$10,181 of engineering fees which were included in legal and accounting; and to reflect a \$6,000 operating transfer to the General Fund which was recorded as contributed capital instead of unreserved retained earnings.

FINANCIAL STATEMENTS OF INDIVIDUAL 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. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

TOWN OF SUNSET, LOUISIANA  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 1998 AND 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$46,038	\$26,505
Investments	76,806	72,869
Receivables, net of allowance for uncollectibles		
Property taxes	198	703
From other governments	5,889	6,081
Franchise taxes	21,109	19,276
Interest receivable	191	
From other funds	10,131	10,131
Grants	3,286	
Other	<u>6,023</u>	<u>6,425</u>
<u>Total assets</u>	<u>169,671</u>	<u>141,990</u>
 <u>LIABILITIES AND FUND BALANCE</u>  		
<u>LIABILITIES</u>		
Bank overdrafts	\$1,119	\$14,857
Accounts payable	5,513	18,706
Retirement payable		2,426
Due to other funds	8,906	9,527
Insurance payable		<u>2,521</u>
<u>Total liabilities</u>	<u>15,538</u>	<u>48,037</u>
 <u>FUND BALANCE</u>		
Unreserved, undesignated	<u>154,133</u>	<u>93,953</u>
<u>Total liabilities and fund balance</u>	<u>169,671</u>	<u>141,990</u>

TOWN OF SUNSET, LOUISIANA  
 GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>		VARIANCE FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
<u>REVENUES</u>				
Taxes	\$128,708	\$129,654	\$946	\$119,773
Licenses and permits	63,535	63,255	(280)	72,712
Intergovernmental	40,806	44,247	3,441	28,681
Charges for services	7,960	8,092	132	7,647
Fines and forfeits	32,314	35,076	2,762	51,170
Investment income	3,774	4,429	655	3,474
Miscellaneous	<u>34,739</u>	<u>50,271</u>	<u>15,532</u>	<u>43,337</u>
<u>Total revenues</u>	<u>311,836</u>	<u>335,024</u>	<u>23,188</u>	<u>326,794</u>
<u>EXPENDITURES</u>				
Current operating				
General and administrative	190,911	204,514	(13,603)	270,231
Street department	94,825	96,593	(1,768)	76,616
Police department	283,969	281,584	2,385	267,835
Fire department	11,518	11,498	20	19,432
Health and welfare	<u>942</u>	<u>1,337</u>	<u>(395)</u>	<u>365</u>
<u>Total expenditures</u>	<u>582,165</u>	<u>595,526</u>	<u>(13,361)</u>	<u>634,479</u>
<u>EXCESS OF REVENUES OVER (UNDER)</u> <u>EXPENDITURES</u>	<u>(270,329)</u>	<u>(260,502)</u>	<u>9,827</u>	<u>(307,685)</u>
<u>OTHER FINANCING SOURCES</u>				
Operating transfers in	<u>311,008</u>	<u>320,682</u>	<u>9,674</u>	<u>391,820</u>
<u>Total other financing</u> <u>sources</u>	<u>311,008</u>	<u>320,682</u>	<u>9,674</u>	<u>391,820</u>
<u>EXCESS OF REVENUES AND OTHER</u> <u>SOURCES OVER (UNDER)</u> <u>EXPENDITURES AND OTHER USES</u>	<u>40,679</u>	60,180	<u>19,501</u>	84,135
<u>FUND BALANCE, beginning of year</u>		<u>93,953</u>		<u>9,818</u>
<u>FUND BALANCE, end of year</u>		<u>154,133</u>		<u>93,953</u>

TOWN OF SUNSET, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES  
BUDGET AND ACTUAL  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>		VARIANCE FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
<u>TAXES</u>				
Property taxes	\$48,720	\$47,831	\$(889)	\$44,840
Franchise - electric	68,987	69,802	815	64,487
Franchise - telephone	9,453	9,668	215	8,942
Franchise - cable television	<u>1,548</u>	<u>2,353</u>	<u>805</u>	<u>1,504</u>
<u>Total taxes</u>	<u>128,708</u>	<u>129,654</u>	<u>946</u>	<u>119,773</u>
<u>LICENSES AND PERMITS</u>				
Occupational licenses	61,784	61,473	(311)	72,142
Plumbers' licenses	250	250		150
Building permits	<u>1,501</u>	<u>1,532</u>	<u>31</u>	<u>420</u>
<u>Total licenses and permits</u>	<u>63,535</u>	<u>63,255</u>	<u>(280)</u>	<u>72,712</u>
<u>INTERGOVERNMENTAL</u>				
State beer tax	3,692	4,098	406	4,027
State tobacco tax	11,450	11,450		11,450
Housing Authority	6,081	5,889	(192)	6,081
Office of Family Support	176	117	(59)	287
Cops Fast Grant	<u>19,407</u>	<u>22,693</u>	<u>3,286</u>	<u>6,836</u>
<u>Total intergovernmental</u>	<u>40,806</u>	<u>44,247</u>	<u>3,441</u>	<u>28,681</u>
<u>CHARGES FOR SERVICES</u>				
Grass cutting	7,960	7,972	12	7,587
House moving		<u>120</u>	<u>120</u>	<u>60</u>
<u>Total charges for services</u>	<u>7,960</u>	<u>8,092</u>	<u>132</u>	<u>7,647</u>
<u>FINES AND FORFEITS</u>				
Court fines	<u>32,314</u>	<u>35,076</u>	<u>2,762</u>	<u>51,170</u>
<u>INVESTMENT INCOME</u>				
Interest income	<u>3,774</u>	<u>4,429</u>	<u>655</u>	<u>3,474</u>
<u>MISCELLANEOUS</u>				
Court costs	18,328	17,227	(1,101)	24,195
Video poker fees	4,955	5,887	932	6,031
Other	1,631	2,780	1,149	878
Fire department donations				1,973
Fire insurance rebates	4,312	4,312		6,508
First Response donations	3,813	3,665	(148)	3,752
Gym rental	900	600	(300)	
Franco Fete donations	800	800		
Donations		<u>15,000</u>	<u>15,000</u>	
<u>Total miscellaneous</u>	<u>34,739</u>	<u>50,271</u>	<u>15,532</u>	<u>43,337</u>
<u>Total revenues</u>	<u>311,836</u>	<u>335,024</u>	<u>23,188</u>	<u>326,794</u>



TOWN OF SUNSET, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>		VARIANCE FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
<u>GENERAL AND ADMINISTRATIVE</u>				
<u>Personal services</u>				
Salaries - Mayor and Councilmen	\$25,200	\$25,200		\$25,450
Salaries - Clerk and Town Supervisor	58,800	58,215	\$585	52,720
Payroll taxes	4,704	4,570	134	4,271
Retirement	6,022	6,811	(789)	10,866
<u>Supplies</u>				
Office supplies and postage	4,250	4,868	(618)	8,101
Uniforms	712	593	119	
<u>Other</u>				
Insurance	34,300	33,703	597	81,112
Utilities	2,402	2,283	119	3,237
Travel expense	912	1,360	(448)	516
Conventions and conferences	8,300	7,919	381	13,063
Telephone	2,282	2,265	17	2,814
Legal and accounting	32,186	25,768	6,418	43,650
Repairs and maintenance	998	883	115	1,198
Miscellaneous	4,189	3,979	210	9,845
Publications and notices	613	652	(39)	1,611
Dues and subscriptions	883	1,351	(468)	1,605
Pest control				196
Election expense				352
Tax roll and assessor's expense		986	(986)	973
Tourism	39	400	(361)	
Consulting		3,614	(3,614)	
<u>Capital Outlay</u>				
Equipment, buildings, land and improvements	<u>4,119</u>	<u>19,094</u>	<u>(14,975)</u>	<u>8,651</u>
<u>Total executive and administrative</u>	<u>190,911</u>	<u>204,514</u>	<u>(13,603)</u>	<u>270,231</u>
<u>STREET DEPARTMENT</u>				
<u>Personal Services</u>				
Salaries	34,878	34,768	110	31,283
Payroll taxes	2,790	2,625	165	2,539
Retirement	812	910	(98)	
<u>Supplies</u>				
Materials and supplies	1,518	2,394	(876)	5,595
Uniforms	331	276	55	225

This statement continued on next page.

TOWN OF SUNSET, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>		VARIANCE FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
<u>STREET DEPARTMENT - Continued</u>				
<u>Other</u>				
Repairs and maintenance	\$633	\$1,168	\$(535)	\$255
Miscellaneous	2,984	2,553	431	
Shells, dirt	2,384	3,595	(1,211)	2,384
Utilities	25,744	25,820	(76)	21,247
Insurance	17,010	17,583	(573)	7,296
Diesel	577	481	96	441
Dump truck expense	610	524	86	1,022
Tractor	1,249	1,089	160	359
Animal control	338	295	43	322
Backhoe expense	383	658	(275)	1,429
Utility shed	449	621	(172)	651
Station	1,475	555	920	1,568
Gasoline	660	678	(18)	
<u>Total street department</u>	<u>94,825</u>	<u>96,593</u>	<u>(1,768)</u>	<u>76,616</u>
 <u>POLICE DEPARTMENT</u>				
<u>Personal Services</u>				
Salaries	166,758	165,830	928	160,768
Payroll taxes	13,341	14,038	(697)	13,729
Retirement	2,663	2,587	76	1,021
 <u>Supplies</u>				
Office supplies and postage	4,759	4,975	(216)	6,460
Uniforms	2,590	2,238	352	1,605
Supplies and repairs	2,767	3,082	(315)	4,541
 <u>Other</u>				
Insurance	58,228	56,242	1,986	28,628
Telephone	5,030	4,914	116	4,673
Repairs - radio and radar	1,265	1,106	159	3,070
Prisoners' meals	1,266	1,372	(106)	1,559
Auto expense	4,706	5,708	(1,002)	11,831
Dues and subscriptions	120	100	20	100
Conventions and conferences	72	60	12	1,085
Miscellaneous	1,024	1,720	(696)	2,350
Utilities	3,563	3,438	125	3,558
Travel	104	87	17	734
Gasoline	7,148	7,147	1	8,402

This statement continued on next page.

TOWN OF SUNSET, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>		<u>VARIANCE</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>	<u>1997</u>
			<u>(UNFAVORABLE)</u>	<u>ACTUAL</u>
<u>POLICE DEPARTMENT - Continued</u>				
<u>Other (Continued)</u>				
Civil defense	\$3,999	\$2,392	\$1,607	\$3,267
Pest control				196
Legal and professional	3,640	3,632	8	848
Drug testing	926	916	10	
<u>Capital outlay</u>				
Equipment				<u>9,410</u>
<u>Total police department</u>	<u>283,969</u>	<u>281,584</u>	<u>2,385</u>	<u>267,835</u>
<u>FIRE DEPARTMENT</u>				
<u>Supplies</u>				
Supplies and repairs	3,464	3,477	(13)	6,809
Uniforms	88	154	(66)	1,380
Office supplies	196	250	(54)	1,148
<u>Other</u>				
Insurance	4,334	4,319	15	7,160
Utilities	884	816	68	649
Telephone	1,404	1,411	(7)	822
Banquet		60	(60)	518
Miscellaneous	332	300	32	182
Conventions and conferences	484	403	81	374
Dues	116	97	19	103
Gasoline	216	211	5	287
<u>Total fire department</u>	<u>11,518</u>	<u>11,498</u>	<u>20</u>	<u>19,432</u>
<u>HEALTH AND WELFARE</u>				
<u>Other</u>				
Grass cutting	942	1,337	(395)	365
<u>Total expenditures</u>	<u>582,165</u>	<u>595,526</u>	<u>(13,361)</u>	<u>634,479</u>

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for resources legally restricted to expenditures for specified current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets.

The Sales Tax Fund is used to account for the collection and expenditure of the Town's 1% sales tax.

TOWN OF SUNSET, LOUISIANA  
SPECIAL REVENUE FUND  
SALES TAX FUND  
BALANCE SHEET  
JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
Cash	\$5,973	\$23,949
<u>Total assets</u>	<u>5,973</u>	<u>23,949</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
<u>Total liabilities</u>	<u>-0-</u>	<u>-0-</u>
 <u>FUND BALANCE</u>		
Unreserved, undesignated	\$5,973	\$23,949
<u>Total liabilities and fund balance</u>	<u>5,973</u>	<u>23,949</u>

TOWN OF SUNSET, LOUISIANA  
SPECIAL REVENUE FUND  
SALES TAX FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>REVENUES</u>		
Taxes		
Sales tax collections	\$124,748	\$129,235
Interest income	329	438
<u>Total revenues</u>	<u>125,077</u>	<u>129,673</u>
<u>EXPENDITURES</u>		
Current operating		
General and administrative	1,273	1,302
<u>Total expenditures</u>	<u>1,273</u>	<u>1,302</u>
<u>EXCESS OF REVENUES OVER</u>		
<u>' (UNDER) EXPENDITURES</u>	<u>123,804</u>	<u>128,371</u>
<u>OTHER FINANCING USES</u>		
Operating transfers out	(141,780)	(144,000)
<u>EXCESS OF REVENUES AND</u>		
<u>OTHER SOURCES OVER (UNDER)</u>		
<u>EXPENDITURES AND OTHER USES</u>	(17,976)	(15,629)
<u>FUND BALANCE, beginning of</u>		
year	<u>23,949</u>	<u>39,578</u>
<u>FUND BALANCE, end of year</u>	<u>5,973</u>	<u>23,949</u>

TOWN OF SUNSET, LOUISIANA  
SPECIAL REVENUE FUND  
SALES TAX FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>		VARIANCE	
	<u>BUDGET</u>	<u>ACTUAL</u>	FAVORABLE	1997
			(UNFAVORABLE)	<u>ACTUAL</u>
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$120,102	\$124,748	\$4,646	\$129,235
Interest income	<u>293</u>	<u>329</u>	<u>36</u>	<u>438</u>
<u>Total revenues</u>	<u>120,395</u>	<u>125,077</u>	<u>4,682</u>	<u>129,673</u>
<u>EXPENDITURES</u>				
Current operating				
General and administrative				
Collection fees	<u>1,262</u>	<u>1,273</u>	<u>(11)</u>	<u>1,302</u>
<u>Total expenditures</u>	<u>1,262</u>	<u>1,273</u>	<u>(11)</u>	<u>1,302</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	119,133	123,804	4,671	128,371
<u>OTHER FINANCING USES</u>				
Operating transfers out	(113,780)	(141,780)	(28,000)	(144,000)
<u>EXCESS OF REVENUES AND OTHER</u>				
<u>SOURCES OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER USES</u>	<u>5,353</u>	(17,976)	(23,329)	(15,629)
<u>FUND BALANCE</u> , beginning of year		<u>23,949</u>		<u>39,578</u>
<u>FUND BALANCE</u> , end of year		<u>5,973</u>		<u>23,949</u>

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.



TOWN OF SUNSET, LOUISIANA  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 1998 AND 1997

	PUBLIC IMPROVEMENT BONDS <u>2/01/73</u>	GENERAL OBLIGATION BONDS <u>4/01/88</u>	<u>TOTALS</u>	
			<u>1998</u>	<u>1997</u>
<u>ASSETS</u>				
Cash	\$13,092		\$13,092	\$11,298
Investments		\$30,790	30,790	36,371
Property taxes receivable, net of allowance for uncollectibles		51	51	180
Accrued interest receivable		500	500	502
Due from other funds	<u>7,000</u>	<u>16,027</u>	<u>23,027</u>	<u>18,031</u>
<u>Total assets</u>	<u>20,092</u>	<u>47,368</u>	<u>67,460</u>	<u>66,382</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Due to other funds	\$15,427	\$10,131	\$25,558	\$20,562
<u>Total liabilities</u>	<u>15,427</u>	<u>10,131</u>	<u>25,558</u>	<u>20,562</u>
 <u>FUND BALANCE</u>				
Reserved for debt service		37,237	37,237	40,953
Unreserved	<u>4,665</u>	<u>37,237</u>	<u>4,665</u>	<u>4,867</u>
<u>Total fund balance</u>	<u>4,665</u>	<u>37,237</u>	<u>41,902</u>	<u>45,820</u>
<u>Total liabilities and fund balance</u>	<u>20,092</u>	<u>47,368</u>	<u>67,460</u>	<u>66,382</u>

TOWN OF SUNSET, LOUISIANA  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	PUBLIC IMPROVEMENT BONDS <u>2/01/73</u>	GENERAL OBLIGATION BONDS <u>4/01/88</u>	<u>TOTALS</u>	
			<u>1998</u>	<u>1997</u>
<u>REVENUES</u>				
Taxes				
Property taxes		\$12,082	\$12,082	\$11,467
Interest income		<u>2,164</u>	<u>2,164</u>	<u>1,928</u>
<u>Total revenues</u>	<u>-0-</u>	<u>14,246</u>	<u>14,246</u>	<u>13,395</u>
<u>EXPENDITURES</u>				
Debt service				
Bond principal paid	\$3,000	10,000	13,000	14,000
Interest expense	165	11,800	11,965	13,525
Legal and paying agent fees	<u>37</u>	<u>362</u>	<u>399</u>	<u>536</u>
<u>Total expenditures</u>	<u>3,202</u>	<u>22,162</u>	<u>25,364</u>	<u>28,061</u>
<u>EXCESS OF REVENUES OVER (UNDER)</u> <u>EXPENDITURES</u>	(3,202)	(7,916)	(11,118)	(14,666)
<u>OTHER FINANCING SOURCES</u>				
Operating transfers in	—	<u>7,200</u>	<u>7,200</u>	<u>7,200</u>
<u>EXCESS OF REVENUES AND OTHER</u> <u>SOURCES OVER (UNDER) EXPENDITURES</u> <u>AND OTHER USES</u>	(3,202)	(716)	(3,918)	(7,466)
<u>FUND BALANCES, beginning of year</u>	<u>7,867</u>	<u>37,953</u>	<u>45,820</u>	<u>53,286</u>
<u>FUND BALANCES, end of year</u>	<u>4,665</u>	<u>37,237</u>	<u>41,902</u>	<u>45,820</u>

ENTERPRISE FUND

The Enterprise Fund is used to account for operations that are financed and operated in a manner 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 are to be financed or recovered primarily through user charges.

TOWN OF SUNSET, LOUISIANA  
ENTERPRISE FUND  
BALANCE SHEET  
JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$134	\$35,814
Receivables, net of allowance for uncollectibles		
Accounts	40,287	40,693
From other funds	1,661	1,155
From other governments	3,227	461
Due from restricted assets	8,181	8,081
Prepaid insurance	4,277	4,502
<u>Total current assets</u>	<u>57,767</u>	<u>90,706</u>
<u>RESTRICTED ASSETS</u>		
Cash		
FmHA excess sewer rate - Sinking Fund	431	472
Sinking Fund	30,547	28,983
Reserve Fund	8,617	40,185
Depreciation and Contingency Fund	14,347	10,429
Customers' meter deposits	2,845	11,300
FmHA bond proceeds		778
Investments		
Depreciation and Contingency - CD	60,655	93,973
Customers' meter deposits - CD	34,942	55,538
Interest receivable		
Depreciation and Contingency	180	
Customers' meter deposits	103	212
<u>Total restricted assets</u>	<u>152,667</u>	<u>241,870</u>
<u>PROPERTY AND EQUIPMENT</u>		
Utility plant, net	1,559,354	1,755,784
<u>Total property and equipment</u>	<u>1,559,354</u>	<u>1,755,784</u>
<u>Total assets</u>	<u>1,769,788</u>	<u>2,088,360</u>

This statement continued on next page.

TOWN OF SUNSET, LOUISIANA  
ENTERPRISE FUND  
BALANCE SHEET (CONTINUED)  
JUNE 30, 1998 AND 1997

<u>LIABILITIES AND FUND EQUITY</u>	<u>1998</u>	<u>1997</u>
<u>CURRENT LIABILITIES</u> (from current assets)		
Accounts payable	\$11,387	\$10,571
Bank overdrafts	9,833	
Loan payable	30,000	50,000
Due to other funds	<u>1,010</u>	<u>731</u>
<u>Total</u>	<u>52,230</u>	<u>61,302</u>
<u>CURRENT LIABILITIES</u> (from restricted assets)		
Customers' deposits	26,483	27,826
Due to operating account	8,181	8,081
Revenue bonds payable	15,088	39,132
Accrued interest payable	<u>601</u>	<u>239</u>
<u>Total</u>	<u>50,353</u>	<u>75,278</u>
<u>Total current liabilities</u>	<u>102,583</u>	<u>136,580</u>
<u>OTHER LIABILITIES</u>		
Revenue bonds payable	<u>359,973</u>	<u>373,861</u>
<u>Total liabilities</u>	<u>462,556</u>	<u>510,441</u>
<u>FUND EQUITY</u>		
Contributed capital		
Contribution from municipality	603,730	603,730
Contribution from federal grants	1,430,584	1,430,584
Contribution from state grants	<u>282,788</u>	<u>259,857</u>
<u>Total contributed capital</u>	<u>2,317,102</u>	<u>2,294,171</u>
Retained Earnings		
Reserved for customers' deposits	3,226	31,143
Reserved for bond retirement	99,088	134,671
Reserved for equipment		778
Unreserved retained earnings	<u>(1,112,184)</u>	<u>(882,844)</u>
<u>Total retained earnings</u>	<u>(1,009,870)</u>	<u>(716,252)</u>
<u>Total fund equity</u>	<u>1,307,232</u>	<u>1,577,919</u>
<u>Total liabilities and fund equity</u>	<u>1,769,788</u>	<u>2,088,360</u>

TOWN OF SUNSET, LOUISIANA  
ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Gas sales	\$221,390	\$217,685
Water sales	101,717	96,092
Sewer sales	110,051	110,147
Miscellaneous income	<u>18,717</u>	<u>6,330</u>
<u>Total operating revenues</u>	<u>451,875</u>	<u>430,254</u>
<u>OPERATING EXPENSES</u>		
Personal services	84,240	73,975
Contractual services	98,085	110,121
Supplies	20,326	16,232
Other expenses	107,815	101,997
Depreciation	<u>240,153</u>	<u>235,828</u>
<u>Total operating expenses</u>	<u>550,619</u>	<u>538,153</u>
<u>OPERATING LOSS</u>	<u>(98,744)</u>	<u>(107,899)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest income	9,778	13,293
Interest expense	(18,216)	(17,836)
Paying agent fees	<u>(334)</u>	<u>(567)</u>
<u>Total nonoperating revenues (expenses)</u>	<u>(8,772)</u>	<u>(5,110)</u>
<u>LOSS BEFORE OPERATING TRANSFERS</u>	(107,516)	(113,009)
<u>OPERATING TRANSFERS OUT</u>	<u>(186,102)</u>	<u>(249,020)</u>
<u>NET LOSS</u>	(293,618)	(362,029)
<u>RETAINED EARNINGS, beginning of year</u>	<u>(716,252)</u>	<u>(354,223)</u>
<u>RETAINED EARNINGS, end of year</u>	<u>(1,009,870)</u>	<u>(716,252)</u>

TOWN OF SUNSET, LOUISIANA  
ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$449,515	\$428,738
Cash payments to suppliers for goods and services	(224,400)	(239,331)
Cash payments to employees for services	(75,419)	(68,456)
<u>Net cash provided by operating activities</u>	<u>149,696</u>	<u>120,951</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating transfers - out to other funds	(186,102)	(249,019)
<u>Net cash used for noncapital financing activities</u>	<u>(186,102)</u>	<u>(249,019)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition and construction of capital assets	(43,723)	(25,797)
Principal paid on revenue bonds	(37,932)	(39,133)
Interest paid on revenue bonds	(17,854)	(20,580)
Principal paid on loan	(20,000)	
Customers' deposits	(1,343)	541
Contributed capital		(6,000)
Construction grant received from state	22,931	
Paying agent fees	(334)	(567)
Utility bond proceeds		<u>20,836</u>
<u>Net cash used for capital and related financing activities</u>	<u>(98,255)</u>	<u>(70,700)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Redemption of investments	58,500	143,411
Interest earned on investments	9,707	14,258
Reinvestment of interest earned	(4,586)	(2,731)
<u>Net cash provided by investing activities</u>	<u>63,621</u>	<u>154,938</u>
<u>NET DECREASE IN CASH</u>	<u>(71,040)</u>	<u>(43,830)</u>
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>127,961</u>	<u>171,791</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>56,921</u>	<u>127,961</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating income	\$(98,744)	\$(107,899)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	240,153	235,828
(Increase) decrease in receivables	406	(611)
(Increase) decrease in prepaid insurance	225	(987)
(Increase) decrease in due from other funds	(506)	377
(Increase) decrease in due from other governments	(2,766)	(461)
Increase (decrease) in accounts payable	816	(5,583)
Increase (decrease) in sales tax payable		(444)
Increase (decrease) in due to other funds	279	731
Increase (decrease) in bank overdrafts	9,833	
<u>Total adjustments</u>	<u>248,440</u>	<u>228,850</u>
<u>Net cash provided by operating activities</u>	<u>149,696</u>	<u>120,951</u>

TOWN OF SUNSET, LOUISIANA  
ENTERPRISE FUND  
SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE  
AND CUSTOMERS' METER DEPOSITS  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	EQUIPMENT RESERVE	BOND AND INTEREST REDEMPTION	RESERVE	CONTINGENCY	CUSTOMERS' METER	FmHA EXCESS SEWER RATE SINKING FUND	TOTALS
							1998    1997
<u>CASH BALANCE, July 1</u>	\$ 778	\$ 28,983	\$ 40,185	\$ 104,402	\$ 67,050	\$ 472	\$ 241,870    \$ 401,638
<u>CASH RECEIPTS</u>							
Interest earned		546	432	6,313	2,472	12	9,775    14,704
Transfers from operating account		24,960				34,858	59,818    43,839
Transfers from General Fund					4,711		4,711    6,325
Customers' deposits collected							76
Bond proceeds							778
<u>Total cash available</u>	<u>778</u>	<u>54,489</u>	<u>40,617</u>	<u>110,715</u>	<u>74,233</u>	<u>35,342</u>	<u>316,174</u> <u>467,360</u>
<u>CASH DISBURSEMENTS</u>							
Transfers to General Fund			32,000	21,000	30,300		83,300    145,302
Transfers to paying agent		23,942					23,942    25,391
Transfers to operating account				14,500			14,500    15,000
Customers' deposits refunded					5,954		5,954    4,725
Administrative expenses	778			33	89	53	953    183
Bond and interest payments						34,858	34,858    34,889
<u>Total cash disbursed</u>	<u>778</u>	<u>23,942</u>	<u>32,000</u>	<u>35,533</u>	<u>36,343</u>	<u>34,911</u>	<u>163,507</u> <u>225,490</u>
<u>CASH BALANCE, June 30</u>	<u>-0-</u>	<u>30,547</u>	<u>8,617</u>	<u>75,182</u>	<u>37,890</u>	<u>431</u>	<u>152,667</u> <u>241,870</u>



TOWN OF SUNSET, LOUISIANA  
ENTERPRISE FUND  
SCHEDULE OF OPERATING EXPENSES  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>GAS FUND EXPENSES</u>		
<u>Personal services</u>		
Salaries	\$29,733	\$26,735
Payroll taxes	2,228	2,174
Retirement	377	
<u>Contractual services</u>		
Gas purchases	86,166	90,870
Survey expense	4,934	3,400
Engineering fees	302	
<u>Supplies</u>		
Materials and supplies	1,484	2,930
Office supplies and postage	779	2,254
Uniforms	193	
<u>Other</u>		
Repairs and maintenance	12,812	2,804
Insurance	14,107	15,025
Miscellaneous	1,227	721
Bad debt expense	453	673
Drug testing	610	1,388
Truck	1,921	2,510
Gasoline	2,208	1,392
<u>Depreciation</u>	<u>17,102</u>	<u>13,572</u>
<u>Total gas fund expenses</u>	<u>176,636</u>	<u>166,448</u>
<u>WATER FUND EXPENSES</u>		
<u>Personal services</u>		
Salaries	39,049	35,930
Payroll taxes	3,045	2,872
Retirement	2,273	
<u>Contractual services</u>		
Consulting expense	2,699	
Engineering fees		892
<u>Supplies</u>		
Materials and supplies	10,082	5,002
Office supplies and postage	897	2,566
Uniforms	201	1,007
<u>Other</u>		
Repairs and maintenance	6,385	11,078
Insurance	14,839	9,208

This statement continued on next page.

TOWN OF SUNSET, LOUISIANA  
ENTERPRISE FUND  
SCHEDULE OF OPERATING EXPENSES (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>WATER FUND EXPENSES - Continued</u>		
<u>Other (Continued)</u>	\$18,538	\$8,574
Utilities	453	673
Bad debt expense	825	846
Telephone	1,192	1,392
Gasoline	235	2,554
Truck expense	5,315	1,041
Miscellaneous		
	<u>41,755</u>	<u>41,202</u>
<u>Depreciation</u>	<u>147,783</u>	<u>124,837</u>
<u>Total water fund expenses</u>		
 <u>SEWER FUND EXPENSES</u>		
<u>Personal services</u>	6,637	5,791
Salaries	521	473
Payroll taxes	377	
Retirement		
<u>Contractual services</u>	2,835	3,860
Survey expense	1,149	1,810
Consulting expense		9,289
Engineering fees		
<u>Supplies</u>	5,868	2,473
Materials and supplies	664	
Office supplies and postage	158	
Uniforms		
<u>Other</u>	3,141	5,547
Repairs and maintenance	5,321	2,218
Insurance	15,874	27,340
Utilities	77	3,711
Miscellaneous	1,113	1,068
Telephone	650	1,392
Gasoline		15
Recordation	453	673
Bad debt expense	66	154
Truck expense		
	<u>181,296</u>	<u>181,054</u>
<u>Depreciation</u>	<u>226,200</u>	<u>246,868</u>
<u>Total sewer fund expenses</u>		
 <u>Total operating expenses</u>	 <u>550,619</u>	 <u>538,153</u>

FIDUCIARY FUND TYPES

Fiduciary Fund Types include Trust and Agency Funds which are used to account for the assets held by a government in a trustee capacity or as an Agent for individuals, private organizations, other governments, and/or other funds.

The Payroll Account is used to account for the Town's payroll and related expenses.

TOWN OF SUNSET, LOUISIANA  
FIDUCIARY FUND TYPES  
BALANCE SHEET  
JUNE 30, 1998 AND 1997

	AGENCY FUND - PAYROLL ACCOUNT	
	1998	1997
<u>ASSETS</u>		
Cash		\$2,688
Due from other funds	\$655	<u>1,503</u>
<u>Total assets</u>	<u>655</u>	<u>4,191</u>
<u>LIABILITIES</u>		
Bank overdrafts	\$536	
Payroll taxes payable		\$2,046
Retirement payable		2,145
Insurance payable	<u>119</u>	—
<u>Total liabilities</u>	<u>655</u>	<u>4,191</u>

FINANCIAL STATEMENTS OF ACCOUNT GROUPS

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounts for fixed assets not used in proprietary fund operations or accounted for in trust funds.

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF GENERAL FIXED ASSETS  
JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>GENERAL FIXED ASSETS AT COST</u>		
Buildings and land	\$222,156	\$207,156
Equipment	197,459	197,459
Other structures and improvements	<u>808,693</u>	<u>804,599</u>
<u>Total general fixed assets</u>	<u>1,228,308</u>	<u>1,209,214</u>
<u>INVESTMENTS IN GENERAL FIXED ASSETS FROM</u>		
General Fund	\$827,019	\$807,925
Federal Revenue Sharing Fund	159,358	159,358
State Revenue Sharing Fund	8,411	8,411
Sales Tax Fund	14,360	14,360
Federal Anti-Recession Fund	5,633	5,633
General revenues	25,925	25,925
Federal grants	<u>187,602</u>	<u>187,602</u>
<u>Total investments in general fixed assets</u>	<u>1,228,308</u>	<u>1,209,214</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-term Debt Account Group accounts for long-term debt intended to be financed from governmental fund types.



TOWN OF SUNSET, LOUISIANA  
STATEMENT OF GENERAL LONG-TERM DEBT  
JUNE 30, 1998 AND 1997

	GENERAL OBLIGATION BONDS 4/01/88	<u>TOTALS</u>	
		<u>1998</u>	<u>1997</u>
<u>AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG-TERM DEBT</u>			
Amount available in Debt Service Fund for debt retirement	\$37,237	\$37,237	\$40,953
Amount to be provided by 2.0 mills property tax	<u>102,763</u>	<u>102,763</u>	<u>112,047</u>
<u>Total available and to be provided</u>	<u>140,000</u>	<u>140,000</u>	<u>153,000</u>
<u>GENERAL LONG-TERM DEBT</u>			
Bonds payable			
Due within one year	\$10,000	\$10,000	\$13,000
Due after one year	<u>130,000</u>	<u>130,000</u>	<u>140,000</u>
<u>Total general long-term debt</u>	<u>140,000</u>	<u>140,000</u>	<u>153,000</u>

RELATED REPORTS

John Newton Stout, CPA  
 Joel Lanclos, Jr., CPA  
 Russell J. Stelly, CPA  
 Dwight Ledoux, CPA  
 Chizal S. Fontenot, CPA  
 James L. Nicholson, Jr., CPA  
 G. Kenneth Pavy, II, CPA  
 Darren J. Carl, CPA



**JOHN S. DOWLING & COMPANY**  
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA  
 (1904-1984)

Harold Dupre, CPA  
 Retired

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

The Honorable John L. Olivier  
 and Members of the Board of Aldermen  
 Town of Sunset, Louisiana

We have audited the general purpose financial statements of the Town of Sunset, Louisiana as of and for the year ended June 30, 1998, and have issued our report thereon dated September 24, 1998. In our report, our opinion on the financial statements was qualified because of the inadequacy of accounting records on general fixed assets and we were unable to satisfy ourselves by means of other audit procedures. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Sunset's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as finding 1998-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Sunset's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving internal control over financial reporting that we have reported to management of the Town of Sunset, Louisiana in a separate letter dated September 24, 1998.

The Honorable John L. Olivier  
and Members of the Board of Aldermen  
Page 2

This report is intended for the information of the Town of Sunset, Louisiana, its Board of Aldermen, the appropriate regulatory or Legislative Body, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*John S. Dawling + Co.*

Opelousas, Louisiana  
September 24, 1998

TOWN OF SUNSET, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the general purpose financial statements of the Town of Sunset, Louisiana.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. One instance of noncompliance material to the financial statements of the Town of Sunset, Louisiana was disclosed during the audit.
4. There was no single audit required under OMB Circular A-133.

B. 1998 FINDING - FINANCIAL STATEMENT AUDIT

Compliance

1998-1. Inadequate Records for Fixed Assets

Condition:

The Town of Sunset, Louisiana does not have adequate accounting records for general fixed assets. Annual physical inventories are not conducted.

Criteria:

Adequate records for general fixed assets are essential to prepare reliable financial statements. Annual physical inventories of property are required by LSA-RS 39:24.

Effect:

The amounts reported as general fixed assets may not be accurate for financial statement purposes and requires the independent auditor to qualify his opinion.

Recommendation:

A physical inventory should be taken annually for all movable property owned by the Town. We recommend that the Town place a value on all of the assets inventoried in order to obtain reasonable assurance that the amounts reported as general fixed assets are accurate for financial statement purposes.

OTHER SUPPLEMENTARY DATA

TOWN OF SUNSET, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 1998

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

1997-1 Inadequate records for fixed assets.  
Unresolved - REPEAT COMMENT

1997-2 Budget Amendment  
Corrective action taken.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

No Findings

SECTION III - MANAGEMENT LETTER

Suggestion 1997-3 Customers' meter deposits  
Corrective action taken.





TOWN OF SUNSET, LOUISIANA  
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS  
JUNE 30, 1998

	<u>INTEREST RATES</u>	<u>MATURITY DATES</u>	<u>TOTAL BOOK VALUE</u>
<u>GENERAL FUND</u>			
Certificate of Deposit Bank of Sunset and Trust Company	5.15%	10/27/98	\$6,057
Certificate of Deposit Bank of Sunset and Trust Company	4.50%	8/06/98	6,091
Certificate of Deposit Bank of Sunset and Trust Company	4.50%	7/07/98	64,658
<u>DEBT SERVICE FUNDS</u>			
Certificate of Deposit Bank of Sunset and Trust Company	5.25%	9/07/98	30,790
<u>ENTERPRISE FUND</u>			
Certificate of Deposit Bank of Sunset and Trust Company	4.50%	7/07/98	34,942
Certificate of Deposit Bank of Sunset and Trust Company	4.50%	7/07/98	<u>60,655</u>
<u>Total</u>			<u>203,193</u>

TOWN OF SUNSET, LOUISIANA  
SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 1998  
 (UNAUDITED)

<u>INSURER</u>	<u>ASSETS COVERED</u>	<u>TYPE OF COVERAGE</u>	<u>LIMITS OF COVERAGE</u>	<u>EFFECTIVE DATES</u> <u>FROM</u>	<u>TO</u>
Louisiana Municipal Risk Management Agency	Workmen's Compensation	Workmen's Compensation	Statutory	1/01/98	1/01/99
Titan Indemnity Company	1977 Chevrolet truck 1983 Ford truck 1985 Ford truck 1988 Ford clubwagon 1992 Dodge truck 1986 Pontiac Grand Am 1979 Ford dump truck 1964 Ford fire truck 1980 Ford fire truck 1992 Ford Crown Victoria 1992 Ford Crown Victoria 1994 Ford Crown Victoria 1997 Ford truck	Liability	\$500,000	2/01/98	2/01/99
Commercial Union Insurance Company	1984 Ford backhoe	Property damage	\$25,500	1/18/98	1/18/99
	Blanket on all properties and buildings of insured	Fire, extended coverage and vandalism	\$250 deductible \$1,384,000	1/18/98	1/18/99
Titan Indemnity Company	General liability on premises and operations	Bodily injury Property damage Fire, legal liability Contractual	\$500,000	2/01/98	2/01/99
Titan Indemnity Company	Liability on gas system operations	Bodily injury Property damage Fire, legal liability Contractual	\$500,000	2/01/98	2/01/99
CNA	1980 Ford fire truck	Comprehensive Collision	\$500 deductible \$1,000 deductible Limits: \$60,000 truck \$15,000 equipment	2/01/98	2/01/99
Steadfast Insurance Company	Law enforcement officer	Personal injury Property damage	\$500,000/\$1,000,000 \$2,500 deductible	3/01/98	3/01/99
Nationwide Life Insurance Company	Volunteer firemen	Health and accident	Accident policy - scheduled	9/04/97	9/04/98
Employers' Mutual Companies	Blanket on food stamp operation	Employee Dishonesty Bond	\$100,000	1/17/98	1/17/99
American Liberty	Blanket on employees	Employee Dishonesty Bond	\$60,000	1/17/98	1/17/99
Employers' Mutual Companies	Town Clerk	Employee Dishonesty Bond	\$100,000	1/17/98	1/17/99
Employers' Mutual Companies	Assistant Town Clerk	Employee Dishonesty Bond	\$5,000	1/17/98	1/17/99
Titan Indemnity Company	Errors and Omissions	Public officials liability	\$500,000	2/01/98	2/01/99
Western Surety	Town Clerk	Employee Dishonesty Bond	\$5,000	2/01/98	2/01/99

TOWN OF SUNSET, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO GOVERNING BODY  
FOR THE YEAR ENDED JUNE 30, 1998

GENERAL

COMPENSATION TO BOARD MEMBERS

The compensation of the Town of Sunset's governing body is included in the general administrative expenditures of the General Fund. The Mayor is paid \$600 per month and the board members are paid \$300 per month.

	<u>COMPENSATION</u>
John L. Olivier, Mayor	\$7,200
Clayton Babineaux, Alderman	3,600
Dalton Belson, Jr., Alderman	3,600
Robert Carmouche, Alderman	3,600
Vivian Olivier, Alderwoman	3,600
Patrick Richard, Alderman	<u>3,600</u>
	<u>25,200</u>

MANAGEMENT CORRECTIVE ACTION PLAN

*Town of Sunset*

Louisiana Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

*John S. Dowling & Company  
P. O. Box 433  
Opelousas, LA 70571-0433*

Dear Sirs:

*(918) 683-8297  
TOWN OF THE USA*

The Town of Sunset, Louisiana respectfully submits the following Corrective Action Plan for the year ended June 30, 1998.

Name and address of independent public accounting firm:

John S. Dowling & Company  
P. O. Box 433  
Opelousas, LA 70571-0433

The findings from the Independent Accountant's Audit Report for the year ending, June 30, 1998, is discussed below. The finding is numbered consistently with the number assigned in the report.

1998-1 Inadequate Records for Fixed Assets - The Town Clerk and Town Supervisor will be conducting a complete physical inventory and tagging all Town property in the month of December 1998. This list will be maintained and physical inventories will be conducted at least once a year. The Board of Aldermen passed a Resolution stating that the Town of Sunset will no longer capitalize infrastructure.

Suggestion 1998-2 Reserve Deposits - We will begin the month of November 1998 as required by the Bond @ 2/17/95 to make required monthly deposits into the reserve and contingency funds. We will continue to keep sufficient funds in the Reserve and Contingency Funds in order to satisfy the bond requirements.

If you need additional information please contact us.

Sincerely,

  
John L. Olivier, Mayor  
Town of Sunset, Louisiana

*Reche pour le Bureau*

John Newton Stout, CPA  
Joel Lanclos, Jr., CPA  
Russell J. Stelly, CPA  
Dwight Ledoux, CPA  
Chizal S. Fontenot, CPA  
James L. Nicholson, Jr., CPA  
G. Kenneth Pavy, II, CPA  
Darren J. Carl, CPA



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA  
(1904-1984)

Harold Dupre, CPA  
Retired

The Honorable John L. Olivier  
and Members of the Board of Aldermen  
Town of Sunset, Louisiana

We have audited the general purpose financial statements of the Town of Sunset, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated September 24, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the general purpose financial statements, dated September 24, 1998, and our report on internal control and compliance with laws, regulations, contracts, and grants dated September 24, 1998.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

Suggestion 1998-2 Reserve Deposits

Although the Town has sufficient funds in the Reserve and the Contingency Funds to satisfy the February 17, 1995 bond, the required monthly deposits must be made into these accounts. A sum of \$135 must be deposited each month into the Reserve Fund and a sum of \$243 into the Contingency Fund until February 20, 2015.

*John S. Dowling & Co.*

Opelousas, Louisiana  
September 24, 1998