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ANNUAL FINANCIAL REPORT  
OF THE  
TOWN OF SUNSET, LOUISIANA  
FOR THE YEAR ENDED JUNE 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 4-26-06

RICHARD C. URBAN  
CERTIFIED PUBLIC ACCOUNTANT

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RICHARD C. URBAN

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen  
Town of Sunset, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sunset, Louisiana as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Sunset, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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, each major fund, and the aggregate remaining fund information of the Town of Sunset, Louisiana, as of June 30, 2005, and the respective changes in financial position and cash flows, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 5, 2006, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Town of Sunset, Louisiana has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The accompanying supplemental information statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Town of Sunset, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Richard C. Urban, CPA

Opelousas, Louisiana  
April 5, 2006

## **BASIC FINANCIAL STATEMENTS**

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

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF NET ASSETS -  
June 30, 2005

<b>ASSETS</b>	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> Activities	<u>Business-Type</u> Activities	
Cash and cash equivalents	\$ 186,086	\$ 266,861	\$ 452,957
Investments	31,421	20,464	51,885
Receivables (net of allowances for uncollectibles)	34,053	115,764	149,817
Internal balances	11,782		11,782
Prepaid items		1,186	1,186
Restricted assets		99,932	99,932
Capital assets (net)	<u>549,454</u>	<u>1,140,003</u>	<u>1,689,457</u>
 TOTAL ASSETS	 <u>812,806</u>	 <u>1,644,210</u>	 <u>2,457,016</u>
 <b>LIABILITIES</b>			
Accounts, salaries , and other payables	\$ 6,702	\$ 6,133	\$ 12,835
Internal balances		3,140	3,140
Payable from restricted assets		36,361	36,361
Matured bonds and interest payable		251,219	251,219
Bonds payable	<u>55,000</u>	<u>          </u>	<u>55,000</u>
 TOTAL LIABILITIES	 <u>61,702</u>	 <u>300,305</u>	 <u>362,007</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	494,454	2,712,258	3,206,712
Restricted for debt service	16,086	15,300	31,386
Unrestricted	<u>240,564</u>	<u>(1,383,653)</u>	<u>(1,143,089)</u>
 TOTAL NET ASSETS	 <u>751,104</u>	 <u>1,343,905</u>	 <u>2,095,009</u>

The accompanying notes are an integral part of this statement.

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Primary government:					
Governmental activities:					
General government	\$228,223	\$ 10,256	\$	\$	\$(217,967)
Public safety:					
Police	384,334	68,995			(315,339)
Fire	102,207	3,861			( 98,346)
Public services -street	273,196				(273,196)
Interest on long-term debt	<u>5,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 5,600)</u>
Total governmental activities	<u>993,560</u>	<u>83,112</u>	<u>-</u>	<u>-</u>	<u>(910,448)</u>
Business-type activities:					
Gas utilities	173,413	283,321			109,908
Water utilities	142,542	181,972		-	39,430
Sewer utilities	<u>252,802</u>	<u>136,944</u>	<u>-</u>	<u>474,559</u>	<u>358,701</u>
Total business-type activities	<u>568,757</u>	<u>602,237</u>	<u>-</u>	<u>474,559</u>	<u>508,039</u>
Total primary government	<u>\$1,562,317</u>	<u>\$685,349</u>	<u>-</u>	<u>474,559</u>	<u>\$(402,409)</u>

The accompanying notes are an integral part of this statement.

	<u>Governmental</u> <u>Activities</u>	<u>Primary Government</u> <u>Business-type</u> <u>Activities</u>	<u>Total</u>
Change in net assets:			
Net (expense) revenue	\$(910,448)	\$ 508,039	\$(402,409)
General revenues:			
Taxes:			
Sales taxes	201,534		201,534
Property taxes	91,899		91,899
Franchise fees	105,473		105,473
Licenses and permits	86,249		86,249
Intergovernmental	239,122		239,122
Miscellaneous	400,548		400,548
Unrestricted investment income	1,148	699	1,847
Transfers	<u>101,517</u>	<u>(101,517)</u>	<u>-</u>
Total general revenues and transfers	<u>1,227,490</u>	<u>(100,818)</u>	<u>1,126,672</u>
Change in net assets	317,042	407,221	724,263
Net assets - beginning	<u>434,062</u>	<u>936,684</u>	<u>1,370,746</u>
Net assets - ending	<u>751,104</u>	<u>1,343,905</u>	<u>2,095,009</u>

**FUND FINANCIAL STATEMENTS**

TOWN OF SUNSET, LOUISIANA  
BALANCE SHEET, GOVERNMENTAL FUNDS  
June 30, 2005

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$123,669	\$ 35,925	\$ 26,502	\$ 186,096
Investments	30,241		1,180	31,421
Property taxes receivable	2,579		34	2,613
Franchise fees receivable	19,561			19,561
Due from other governments	1,241			1,241
Other receivables	10,638			10,638
Due from other funds	<u>21,913</u>	<u>-</u>	<u>-</u>	<u>21,913</u>
Total assets	<u><u>209,842</u></u>	<u><u>35,925</u></u>	<u><u>27,716</u></u>	<u><u>273,483</u></u>
 <b>LIABILITIES AND FUND BALANCES.</b>				
Liabilities:				
Accounts, salaries, and other payables	\$ 6,702	\$ -	\$ -	\$ 6,702
Due to other funds	<u>-</u>	<u>-</u>	<u>10,131</u>	<u>10,131</u>
Total liabilities	<u><u>6,702</u></u>	<u><u>-</u></u>	<u><u>10,131</u></u>	<u><u>16,833</u></u>
 Fund balances:				
Reserved for debt service			16,086	16,086
Unreserved, reported in:				
General fund	203,140			203,140
Special revenue fund		35,925		35,925
Debt service fund	<u>-</u>	<u>-</u>	<u>1,499</u>	<u>1,499</u>
Total fund balances	<u><u>203,140</u></u>	<u><u>35,925</u></u>	<u><u>17,585</u></u>	<u><u>256,650</u></u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <u><u>209,842</u></u>	 <u><u>35,925</u></u>	 <u><u>27,716</u></u>	 <u><u>273,483</u></u>

See accompanying notes to financial statements.

TOWN OF SUNSET, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE GOVERNMENT-WIDE  
FINANCIAL STATEMENT OF NET ASSETS  
June 30, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds	\$ 256,650
Capital assets of \$1,412,570, net of accumulated depreciation of (\$863,116), are not financial resources and, therefore, are not reported in the funds.	549,454
Long-term liabilities of (\$55,000) are not due and payable in the current period and are not reported in the funds. See Note for detail. Other related amounts include bond interest payable	( <u>55,000</u> )
Net Assets of Governmental Activities	\$ <u><u>751,104</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2005

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Sales taxes	\$	\$201,534	\$	\$201,534
Property taxes	72,753		19,146	91,899
Licenses and permits	86,249			86,249
Franchise fees	105,473			105,473
Charges for services	10,256			10,256
Fines and forfeits	68,995			68,995
Investment income	883	69	196	1,148
Intergovernmental	239,122			239,122
Other	<u>404,410</u>	<u>-</u>	<u>-</u>	<u>404,410</u>
Total Revenues	<u>988,141</u>	<u>201,603</u>	<u>19,342</u>	<u>1,209,086</u>
<u>EXPENDITURES</u>				
General government	284,348	2,072	1,082	287,502
Public safety:				
Police	429,152			429,152
Fire	253,397			253,397
Public services-street	240,788			240,788
Debt service	<u>-</u>	<u>-</u>	<u>20,600</u>	<u>20,600</u>
Total Expenditures	<u>1,207,685</u>	<u>2,072</u>	<u>21,682</u>	<u>1,231,439</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(219,544)	199,531	( 2,340)	( 22,353)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	269,337		7,200	276,537
Transfers out	<u>-</u>	<u>(175,020)</u>	<u>-</u>	<u>(175,020)</u>
Total Other Financing Sources and (Uses)	<u>269,337</u>	<u>(175,020)</u>	<u>7,200</u>	<u>101,517</u>

The accompanying notes are an integral part of this statement.

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Net Change in Fund Balances	49,793	24,511	4,860	79,164
Fund balances, beginning	<u>154,347</u>	<u>11,414</u>	<u>12,725</u>	<u>177,486</u>
Fund balances, ending	<u>203,140</u>	<u>35,925</u>	<u>17,585</u>	<u>256,650</u>

TOWN OF SUNSET, LOUISIANA  
 RECONCILIATION OF THE STATEMENT OF  
 REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2005

Amounts reported for governmental activities in the Statement  
 of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 79,164
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. This is the amount by capital outlays of \$342,524 exceeded depreciation of (\$119,646) in the current period.	222,878
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>15,000</u>
Change in net assets of governmental activities	\$317,042 =====

The accompanying notes are an integral part of this statement.

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF NET ASSETS, PROPRIETARY FUNDS  
June 30, 2005

<b>ASSETS</b>	<u>Utility Fund</u>
Current Assets:	
Cash and cash equivalents	\$ 266,861
Investments	20,464
Accounts receivable, net	115,764
Prepaid items	1,186
Restricted assets	<u>99,932</u>
Total Current Assets	<u>504,207</u>
Non-Current Assets:	
Capital assets (net of accumulated depreciation)	<u>1,140,003</u>
Total Non-Current Assets	<u>1,140,003</u>
TOTAL ASSETS	<u><u>1,644,210</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts, salaries, and other payables	6,133
Due to other funds	<u>3,140</u>
Total Current Liabilities	<u>9,273</u>
Current Liabilities Payable from Restricted Assets	<u>61,160</u>
Non-Current Liabilities:	
Revenue bonds	<u>229,872</u>
Total Non-Current Liabilities	<u>229,872</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,712,258
Restricted for debt service	15,300
Unrestricted (deficit)	<u>( 1,383,653)</u>
TOTAL NET ASSETS	<u><u>\$ 1,343,905</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS, PROPRIETARY FUNDS  
Year Ended June 30, 2005

	<u>Utility Fund</u>
<b>Operating Revenues</b>	
Charges for services:	
Gas sales	\$ 277,596
Water sales	178,070
Sewer charges	130,405
Penalties and late fees	8,187
Other income	<u>7,979</u>
Total Operating Revenues	<u>602,237</u>
 <b>Operating Expenses</b>	
Cost of sales and services	116,323
Administration	228,307
Depreciation	<u>212,359</u>
Total Operating Expenses	<u>556,989</u>
 <b>Operating Income</b>	 <u>45,248</u>
 <b>Nonoperating Revenues (Expenses)</b>	
Interest earnings	699
Interest expense	( <u>11,768</u> )
Total Nonoperating Revenue (Expenses)	( <u>11,069</u> )
 <b>Income Before Contributions and Transfers</b>	 34,179
 Capital Grant	 474,559
Transfers Out	( <u>101,517</u> )
 <b>Change in Net Assets</b>	 407,221
 Total Net Assets, Beginning	 <u>936,684</u>
Total Net Assets, Ending	<u>\$ 1,343,905</u>

The accompanying notes are an integral part of this statement.

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2005

	<u>Utility Fund</u>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers and users	\$ 537,305
Payments to suppliers	( 295,798)
Payments to employees	( 47,835)
Net Cash Provided by Operating Activities	<u>193,672</u>
 <b>Cash Flows From NonCapital Financing Activities</b>	
Transfers to other funds	( 101,517)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>( 101,517)</u>
 <b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets	( 529,029)
Principal paid on capital debt	( 20,409)
Interest paid on capital debt	( 11,768)
Customer deposits	3,452
Reserve account requirements	( 13,467)
Capital grants received	<u>474,559</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>( 96,662)</u>
 <b>Cash Flows From Investing Activities</b>	
Interest received	<u>699</u>
Net Cash Provided (Used) by Investing Activities	<u>699</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	( 3,808)
 Cash and Cash Equivalents, Beginning of Year	<u>270,669</u>
Cash and Cash Equivalents, End of Year	<u><u>266,861</u></u>

The accompanying notes are an integral part of this statement.

	<u>Utility Fund</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating income (loss)	\$ 45,248
Depreciation expense	212,359
(Increase) decrease in accounts receivable	( 64,932)
(Increase) decrease in prepaid expenses	( 100)
Increase (decrease) in accounts payable	<u>1,097</u>
Total adjustments	<u>148,424</u>
Net Cash Provided (Used) by Operating Activities	<u><u>193,672</u></u>

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF FIDUCIARY NET ASSETS  
June 30, 2005

<b>ASSETS</b>	<u>Payroll Fund</u>
Cash and cash equivalents	\$ 2,141
Due from other funds	<u>9,641</u>
Total Assets	<u>11,782</u>
<b>LIABILITIES</b>	
Payroll taxes payable	-
Due to other funds	<u>11,782</u>
Total Liabilities	<u>11,782</u>
<b>NET ASSETS</b>	
Held in trust for:	<u>-</u>

The accompanying notes are an integral part of this statement.

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
For the Year Ended June 30, 2005

	<u>Payroll Fund</u>
<b>Additions</b>	
Contributions from other funds	\$ <u>492,302</u>
Total Additions	<u>492,302</u>
<b>Deductions</b>	
Salaries and benefits	<u>492,302</u>
Total Deductions	<u>492,302</u>
Change in Net Assets	_____ -
Net Assets, Beginning	_____ -
Net Assets, Ending	_____ - =====

The accompanying notes are an integral part of this statement.

## TOWN OF SUNSET, LOUISIANA

### Notes to the Financial Statements As of and for the Year Ended June 30, 2005

#### INTRODUCTION

The Town of Sunset is a municipal corporation governed by an elected mayor. The Town was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The Board consists of five elected members. The Mayor and Board are compensated for their services at an amount legally set by the Board annually.

The Town of Sunset, Louisiana is located in south central St. Landry Parish and contains approximately 3.2 square miles. The Town has a population of 2,506.

The Town's utility system provides gas, water and sewer services to approximately 1,078 customers. The Town employs twenty full and part-time workers. The Town is responsible for maintaining approximately 21 miles of streets within its city limits.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The municipality has no component units and therefore, none are presented in the government-wide financial statements.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## **B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

*Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.* Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund

The Sales Tax Fund accounts for the collection of sales taxes designated for the construction, improvement, maintenance and acquisition of Town infrastructure, as well as the necessary acquisition and improvements of public works facilities and public safety facilities and equipment.

The Debt Service Fund accounts for the accumulated of financial resources for the payment of principal and interest on the Town's general obligation debt. The Town annually levies ad valorem taxes restricted for the retirement of general obligation bonds, interest, and judgements. This fund reports all ad valorem taxes collected.

The municipality reports the following major proprietary funds:

The Utility Fund accounts for the operating activities of the Town's gas, water and sewer services.

Additionally, the government reports the following fund types:

The Fiduciary Fund (Payroll Fund) accounts for the Town's payroll and related expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Town of Sunset, Louisiana  
Notes to the Financial Statements (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Town's utility system provides gas, water and sewer services to its customers. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**C. Deposits and Investments**

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments for the municipality, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year re referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town bases its allowance on prior experience and the amount trade receivables exceed meter deposits.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

<u>Taxes Due For:</u>	<u>Authorized and Levied Millage</u>
General tax (General Fund)	7.35 mills
Special tax (Debt Service Fund)	1.88 mills

*Sales Taxes* The Town of Sunset has dedicated the proceeds of its 1% sales and use tax to the purpose of constructing and purchasing fire department stations and equipment; opening, 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 furnishing for the public works, buildings, improvements and facilities of the Town of Sunset.

**E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. Restricted Assets**

Certain proprietary fund assets are legally restricted for the payment of revenue bonds as well as for the refunding of customer meter deposits.

Town of Sunset, Louisiana  
Notes to the Financial Statements (Continued)

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the fiscal year ended June 30, 2005.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	5- 20 years
Land improvements	5- 20 years
Buildings and building improvements	10-20 years
Furniture and fixtures	3- 5 years
Vehicles	3- 5 years
Equipment	3- 5 years

**H. Compensated Absences**

The municipality has the following policy relating to vacation and sick leave:

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination.

The Town's employees earned and used their vacation and sick leave during the fiscal year. Therefore, no provision for compensated absences has been provided for in the financial statements.

**I. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Town of Sunset, Louisiana  
Notes to the Financial Statements (Continued)

**J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**K. Comparative Data/Reclassifications**

Comparative total data for the prior year have been presented only for the utility fund in the other supplemental information financial statements in order to provide an understanding of the changes in the financial position and operations of this fund. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**L. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**M. Estimates**

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

**N. Reconciliations of Government-Wide and Fund Financial Statements**

The following reconciles the fund balances of governmental funds to the government-wide statement of net assets.

Bond-related adjustments	\$( 55,000)
Capital assets net of accumulated depreciation	<u>549,454</u>
Net adjustment	<u>494,454</u>

The following reconciles the net changes in fund balance-total governmental funds to the changes in net assets of governmental activities.

Difference by which capital outlay exceeds depreciation expense	\$ 222,878
Bond principal paid	<u>15,000</u>
Net adjustment	<u>237,878</u>

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION* The municipality uses the following budget practices:

1. The Mayor prepares a proposed, detailed line item, budget and submits same to the Board of Aldermen no later than thirty days prior to the beginning of each fiscal year. Revenues are budgeted by source. Expenditures are budgeted by department and class.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection.
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.

Town of Sunset, Louisiana  
Notes to the Financial Statements (Continued)

- 5. Any budgetary revisions require the approval of the Mayor and Board of Aldermen. Revisions to the budget were made throughout the year.
- 6. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

*EXCESS OF EXPENDITURES OVER APPROPRIATIONS* The following individual funds had actual expenditures over budgeted appropriations for the year ended June 30, 2005:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	772,700	772,700	1,201,425	428,725

No individual funds had deficits in unreserved fund balance (net assets) at June 30, 2005.

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2005, the municipality has cash and cash equivalents (book balances) totaling \$552,857 as follows:

Demand deposits	\$ 476,745
Interest-bearing demand deposits	75,392
Other	<u>720</u>
 Total	 552,857 <u>=====</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2005, the municipality has \$552,137 in deposits (collected bank balances). These deposits are secured from risk by \$374,901 of federal deposit insurance and \$500,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

**4. INVESTMENTS**

Investments are categorized into these three categories of credit risk:

- 1. Insured or registered, or securities held by the municipality or its agent in the municipality's name
- 2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the municipality's name
- 3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the municipality's name

At fiscal year-end, the municipality's investment balances were as follows:

Time certificates of deposit	\$ 68,621	Category 1
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All investments are secured by the same pledge of securities indicated under cash and cash equivalents.

Town of Sunset, Louisiana  
Notes to the Financial Statements (Continued)

**5. RECEIVABLES**

The receivables of \$149,817 at June 30, 2005, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Ad valorem taxes	\$ 2,579	\$ 34	\$	\$ 2,613
Franchise fees	19,561			19,561
Intergovernmental Accounts	1,241		115,764	1,241
Other	<u>10,638</u>	<u>--</u>	<u>-</u>	<u>10,638</u>
Total	<u>34,019</u>	<u>34</u>	<u>115,764</u>	<u>149,817</u>

**6. INTERFUND RECEIVABLES/PAYABLES**

Interfund receivables/payables at June 30, 2005, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 21,913	
Debt Service Fund		\$ 10,131
Enterprise Fund		9,641
Fiduciary Fund	9,641	11,782

All interfund receivables/payables are expected to be cleared within the next fiscal year.

Town of Sunset, Louisiana  
Notes to the Financial Statements (Continued)

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2005, for the primary government is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 75,841			\$ 75,841
Construction in progress				
Total capital assets, not being depreciated	75,841			75,841
Capital assets being depreciated				
Buildings	362,603			362,603
Improvements other than buildings	43,455	2,799		46,254
Machinery and equipment	588,146	339,726		927,872
Total capital assets being depreciated	994,204	342,525		1,336,729
Less accumulated depreciation for:				
Buildings	228,473	17,405		245,878
Improvements other than buildings	11,101	2,988		14,089
Machinery and equipment	503,886	99,253		603,139
Total accumulated depreciation	743,470	119,646		863,116
Total capital assets being depreciated, net	250,734	222,879		473,613
Business-type activities:				
Capital assets not being depreciated				
Land	50,210			50,210
Total capital assets not being depreciated	50,210			50,210
Capital assets being depreciated				
Utility system and extensions	4,691,140	529,029		5,220,169
Machinery and equipment	38,001			38,001
Total capital assets being depreciated	4,729,141	529,029		5,258,170
Less accumulated depreciation for:				
Utility system and extensions	3,921,012	211,760		4,132,772
Machinery and equipment	35,006	599		35,605
Total accumulated depreciation	3,956,018	212,359		4,168,377
Total business-type assets being depreciated, net	773,123	316,670		1,089,793

Depreciation expense of \$332,005 for the year ended June 30, 2005, was charged to the following governmental functions:

General Fund:		Utility Fund:	
Police	\$ 16,924	Water	\$ 52,496
Fire	58,090	Gas	10,477
Street	32,408	Sewer	149,386
General and administrative	12,224		

Town of Sunset, Louisiana  
Notes to the Financial Statements (Continued)

**8. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS**

The composition of interfund balances as of June 30, 2005 is as follows:

Due To/From Other Funds:		
Receivable Fund	Payable Fund	
General Fund	Debt Service Fund	\$10,131
General Fund	Fiduciary Fund	<u>11,782</u>
Fiduciary Fund	Enterprise Fund	<u>9,641</u>
		<u>31,554</u>
Advances From/To Other Funds:		
Receivable Fund	Payable Fund	
General Fund	Enterprise Fund	94,317
Debt Service Fund	Enterprise Fund	<u>7,200</u>
		<u>101,517</u>

**9. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$12,835 at June 30, 2005, are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>
Accounts	\$ <u>6,702</u>	\$ <u>6,133</u>
Total	<u>6,702</u>	<u>6,133</u>

**10. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2005:

	<u>Bonded Debt</u>
Long-term obligations at Beginning of Year	\$ 341,628
Deductions	<u>34,939</u>
Long-term obligations at End of Year	<u>306,689</u>

The following is a summary of the current (due in one year or less ) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2005:

Town of Sunset, Louisiana  
Notes to the Financial Statements (Continued)

	<u>Bonded Debt</u>
Current portion	\$ 36,347
Long-term portion	<u>269,872</u>
Total	306,219 =====

The municipal bonds outstanding at June 30, 2005, are general obligation bonds of \$55,000 with maturity in 2008, and revenue bonds of \$251,219 with maturity in 2015, respectively. Interest rates are 9% and 4 ½%, respectively. Bond principal and interest payable in the next fiscal year are \$15,000 and \$21,347, and \$4,950 and \$10,279, respectively. The individual issues are as follows:

<u>Bond</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
General Obligation	4/1/88	9.00%	4/1/08	\$ 9,200	\$ 55,000	Property taxes
Utility Revenue	2/17/95	4.50%	2/17/15	59,167	251,219	Sales taxes

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. At June 30, 2005, the municipality has accumulated \$14,000 in the debt service funds for future debt requirements. The bonds are due as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2006	\$ 36,347	15,229	51,576
2007	42,328	13,048	55,376
2008 - 2012	149,643	34,481	184,124
2013 - 2015	<u>77,901</u>	<u>5,609</u>	<u>83,510</u>
Total	<u>306,219</u>	<u>68,367</u>	<u>374,586</u>

In accordance with R.S. 39:562, the municipality is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2005, the statutory limit is \$3,485,000, and outstanding bonded debt totals \$306,219.

In addition, the municipality is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75% of the avails of the tax. The municipality was within this 75% limitation in 1988, when the sales tax bonds were issued.

#### 11. RETIREMENT SYSTEMS

Substantially all employees of the Town of Sunset, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

##### A. Municipal Employees Retirement System of Louisiana (System)

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of (Plan A).

Town of Sunset, Louisiana  
Notes to the Financial Statements (Continued)

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Town of Sunset is required to contribute at an actuarially determined rate. The current rate is 5.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Sunset are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Sunset contributions to the System under Plan A for the years ending June 30, 2005, 2004, and 2003, were \$13,435, \$12,914, and \$12,318, respectively, equal to the required contributions for each year.

**B. Municipal Police Employees Retirement System of Louisiana (System)**

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 7.5% of their annual covered salary and the (Name of Municipality) is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the Town of Sunset are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Sunset contributions to the System for the years ending June 30, 2005, 2004, and 2003, were \$11,778, \$10,336, and \$1,297, respectively, equal to the required contributions for each year.

**12. RESERVED AND DESIGNATED RETAINED EARNINGS/FUND BALANCES**

The Debt Service Fund and the Utility Fund reserve \$16,086 and \$15,300 of their respective fund balance/retained earnings for bond retirement.

Town of Sunset, Louisiana  
Notes to the Financial Statements (Continued)

**13. FEDERAL COMPLIANCE CONTINGENCIES**

The Town of Sunset is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the Town in the current and prior years. These examinations may result in required refunds by the Town to federal grantors and/or program beneficiaries. No questioned or disallowed costs were noted for inclusion in our report.

**14. RISK MANAGEMENT**

The Town of Sunset is exposed to all common perils associated with the ownership of infrastructure, providing public safety, and the operation of a utility system. To minimize loss occurrence and to transfer risk, the Town carries various commercial insurance policies including property, casualty, employee dishonesty, public official's liability, business auto and other miscellaneous policies. These policies are reviewed for adequacy by management annually.

**15. CONTINGENT LIABILITIES**

At June 30, 2005, the Town is involved in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's attorney the resolution of these matters will not have a materially adverse effect on the financial condition of the Town.

**REQUIRED SUPPLEMENTAL INFORMATION**

**BUDGET COMPARISON SCHEDULES**

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Budget to GAAP</u>	<u>Actual Amount</u> <u>GAAP Basis</u>
	<u>Original</u>	<u>Final</u>		<u>Differences</u> <u>Over (Under)</u>	
<b>Revenues</b>					
Property taxes	\$ 65,000	\$ 65,000	\$ 72,753		\$ 72,753
Licenses and permits	61,000	61,000	86,249		86,249
Franchise fees	129,000	129,000	105,473		105,473
Fines and forfeits	55,000	55,000	68,995		68,995
Charges for services	8,500	8,500	10,256		10,256
Intergovernmental	17,100	17,100	239,122		239,122
Miscellaneous	<u>51,400</u>	<u>51,400</u>	<u>405,293</u>		<u>405,293</u>
<b>Total Revenues</b>	<b><u>387,000</u></b>	<b><u>387,000</u></b>	<b><u>988,141</u></b>		<b><u>988,141</u></b>
<b>Expenditures</b>					
General - salaries	75,700	75,700	78,601		78,601
General - all others	81,800	81,800	205,747	( 71,503)	134,244
General - depreciation				12,224	12,224
Street - salaries	79,500	79,500	76,958		76,958
Street - all others	105,400	105,400	163,830		163,830
Street - depreciation				32,408	32,408
Police - salaries	237,500	237,500	212,124		212,124
Police - all others	142,200	142,200	217,028	( 61,742)	155,286
Police - depreciation				16,924	16,924
Fire - all others	48,500	48,500	253,397	( 209,280)	44,117
Fire - depreciation				58,090	58,090
Health	<u>2,100</u>	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<b><u>710,800</u></b>	<b><u>712,900</u></b>	<b><u>1,207,685</u></b>	<b><u>( 222,879)</u></b>	<b><u>984,806</u></b>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(385,700)</u>	<u>(385,700)</u>	<u>(219,544)</u>	<u>222,879</u>	<u>3,335</u>
<b>Other Financing Sources</b>					
Transfers in	<u>355,000</u>	<u>355,000</u>	<u>269,337</u>	<u>-</u>	<u>269,337</u>
<b>Total Other Financing Sources</b>	<b><u>355,000</u></b>	<b><u>355,000</u></b>	<b><u>269,337</u></b>	<b><u>-</u></b>	<b><u>269,337</u></b>
<b>Net Change in Fund Balance</b>	<b>( 30,700)</b>	<b>( 30,700)</b>	<b>49,793</b>	<b>222,879</b>	<b>272,672</b>
<b>Fund Balance, Beginning</b>	<b><u>153,347</u></b>	<b><u>153,347</u></b>	<b><u>153,347</u></b>	<b><u>256,575</u></b>	<b><u>409,922</u></b>
<b>Fund Balance, Ending</b>	<b><u>122,647</u></b>	<b><u>122,647</u></b>	<b><u>203,140</u></b>	<b><u>479,454</u></b>	<b><u>682,594</u></b>

Budget to GAAP differences are due to the capitalization and depreciation of capital assets, and the recording of long-term debt in the general fund.

The accompanying notes are an integral part of this statement.

TOWN OF SUNSET, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Budget to GAAP</u>	<u>Actual Amount</u> <u>GAAP Basis</u>
	<u>Original</u>	<u>Final</u>		<u>Differences</u> <u>Over(Under)</u>	
<b>Revenues</b>					
Sales taxes	\$179,000	\$179,000	\$201,534	\$	\$201,534
Interest earned	<u>100</u>	<u>100</u>	<u>69</u>	<u>-</u>	<u>69</u>
Total Revenues	<u>179,100</u>	<u>179,100</u>	<u>201,603</u>	<u>-</u>	<u>201,603</u>
<b>Expenditures</b>					
Collection fees	1,500	1,500	2,015		2,015
Miscellaneous	<u>300</u>	<u>300</u>	<u>57</u>	<u>-</u>	<u>57</u>
Total Expenditures	<u>1,800</u>	<u>1,800</u>	<u>2,072</u>	<u>-</u>	<u>2,072</u>
Excess of Revenues Over Expenditures	177,300	177,300	199,531		199,531
<b>Other Financing (Uses)</b>					
Transfers to General Fund	<u>(180,000)</u>	<u>(180,000)</u>	<u>(175,020)</u>	<u>-</u>	<u>(175,020)</u>
Total Other Financing (Uses)	<u>(180,000)</u>	<u>(180,000)</u>	<u>(175,020)</u>	<u>-</u>	<u>(175,020)</u>
<b>Net Change in Fund Balance</b>	<b>( 2,700)</b>	<b>( 2,700)</b>	<b>24,511</b>		<b>24,511</b>
<b>Fund Balance at Beginning Of Year</b>	<u>11,414</u>	<u>11,414</u>	<u>11,414</u>	<u>-</u>	<u>11,414</u>
<b>Fund Balance at End of Year</b>	<u>8,714</u>	<u>8,714</u>	<u>35,925</u>	<u>-</u>	<u>35,925</u>

The accompanying notes are an integral part of this statement.

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**OTHER SUPPLEMENTAL INFORMATION**

TOWN OF SUNSET, LOUISIANA  
ENTERPRISE FUND – UTILITY FUND  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES  
For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Gas department:		
Salaries	\$ 15,945	\$ 15,267
Payroll taxes	1,528	1,190
Retirement	1,921	1,758
Gas purchases	116,323	109,419
Insurances	4,492	10,480
Materials and supplies	8,551	7,784
Gasoline and auto	551	298
Office supplies and postage	1,938	656
Survey and analysis	7,158	3,167
Repairs and maintenance	1,699	1,296
Drug testing	819	678
Miscellaneous	2,011	2,127
Depreciation	<u>10,477</u>	<u>12,399</u>
Total gas department	<u>173,413</u>	<u>167,856</u>
Water department:		
Salaries	15,945	15,267
Payroll taxes	1,528	1,190
Retirement	1,921	1,758
Utilities	17,208	13,361
Insurances	5,670	10,860
Office supplies and postage	1,844	2,655
Materials and supplies	20,909	13,517
Engineering and consulting	17,780	3,238
Repairs and maintenance	1,269	1,700
Gasoline and auto	643	289
Telephone	1,670	1,608
Miscellaneous	3,659	3,438
Depreciation	<u>52,496</u>	<u>57,203</u>
Total water department	<u>142,542</u>	<u>126,084</u>
Sewer department:		
Salaries	15,945	15,266
Payroll taxes	1,528	1,190
Retirement	1,920	1,759
Insurances	3,917	10,425
Utilities	35,406	33,996
Gasoline and auto	3,275	528

The accompanying notes are an integral part of this statement.

	<u>2005</u>	<u>2004</u>
Repairs	\$ 9,196	\$ 3,418
Materials and supplies	5,364	8,161
Office supplies and postage	1,843	1,965
Survey and analysis/Engineering fees	11,440	3,455
Telephone	1,155	689
Miscellaneous	659	3,241
Depreciation	<u>149,386</u>	<u>156,196</u>
Total sewer department	<u>241,034</u>	<u>240,289</u>
Total operating expenses	<u><u>556,989</u></u>	<u><u>534,229</u></u>

TOWN OF SUNSET, LOUISIANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2005

<u>Federal Grantor/ Program Title</u>	<u>CFDA No.</u>	<u>Grant ID No.</u>	<u>Federal Award Received</u>	<u>Program Expenditures</u>
U.S. Dept. of Justice:				
Office of Community Policing	16.710	N/A	\$19,790	\$19,790
U.S. Dept. of Agriculture:				
Passed through the Louisiana Office of Rural Development:				
Rural Development Grant	N/A	0203-STL-1101	25,000	25,000
Passed through the Louisiana Office on Community Development:				
LCDBG - Water well/Sewer	10.760	575388/FY2001	474,559	474,559
Dept. of Homeland Security:				
Fire Act Grant	N/A	N/A	<u>180,000</u>	<u>180,000</u>
Total federal assistance			<u><u>704,559</u></u>	<u><u>704,559</u></u>

TOWN OF SUNSET, LOUISIANA  
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS  
Year Ended June 30, 2005

<b>Board Member</b>	<b>Amount</b>
Honorable Danny J. Louviere, Mayor	\$ 8,125
Honorable Dalton Belson, Jr., Alderman	3,850
Honorable Joseph Meche, Alderman	3,850
Honorable Bernice Lavergne, Alderwoman	3,850
Honorable Joseph Guidry, Jr., Alderman	3,850
Honorable Lonnie Cormier, Alderman	<u>3,850</u>
 Total	 <u>27,375</u>

The accompanying notes are an integral part of this statement.

**OTHER REPORTS**

**RICHARD C. URBAN**  
CERTIFIED PUBLIC ACCOUNTANT

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MEMBER:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

OFFICE:  
1112 HEATHER DRIVE  
OPELOUSAS, LOUISIANA 70570  
PHONE (337) 942-2154  
FAX (337) 948-3813

To the Mayor and Board of Aldermen  
Town of Sunset, Louisiana

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sunset, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 5, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Sunset, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Sunset, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item A1.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our

consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sunset, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item B1.

This report is intended for the information of the Board of Commissioners, management, the Department of Housing and Urban Development, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Richard C. Urban, CPA

Opelousas, Louisiana  
April 5, 2006

**RICHARD C. URBAN**  
CERTIFIED PUBLIC ACCOUNTANT

---

MEMBER:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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1112 HEATHER DRIVE  
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PHONE (337) 942-2154  
FAX (337) 948-3813

Mayor and Board of Aldermen  
Town of Sunset  
Sunset, Louisiana

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the Town of Sunset, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town of Sunset, Louisiana's compliance based on our audit.

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

In our opinion, the Town of Sunset, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

## Internal Control Over Compliance

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

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

This report is intended for the information of the Mayor and Board of Aldermen, the Department of Agriculture, and the Legislative Auditor of the State of Louisiana, and is not intended to be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Richard C. Urban, CPA

Opelousas, Louisiana  
April 5, 2006

TOWN OF SUNSET, LOUISIANA  
 SCHEDULE OF FINDINGS, RECOMMENDATIONS AND  
 CORRECTIVE ACTION PLAN  
 Year Ended June 30, 2005

The following have been identified as major federal programs for the year ended June 30, 2005. Program expenditures are based on the cash basis of accounting.

<u>Federal Grantor/Program Title</u>	<u>CFDA No.</u>	<u>Grant ID No.</u>	<u>Program Expenditures</u>
U. S. Dept. of Agriculture	10.760	575388/FY2001	\$474,559

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Sunset, Louisiana.
2. The auditor's report on Internal Control Over Financial Reporting and on Compliance and Other Matters required by Government auditing Standards identified one reportable condition (See below).
3. No instances of noncompliance material to the financial statements which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. No reportable conditions were identified during the audit of internal control over major federal award programs reported in the independent auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over compliance required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs expresses an unqualified opinion.
6. No findings were found relative to the major federal award programs.
7. The threshold for distinguishing Type A and B programs was \$500,000.
8. The Town of Sunset qualifies as a low-risk auditee.

FINDINGS

Internal Control Over Financial Reporting

A1 - As indicated in previous audits the Town of Sunset has not totally prepared and adopted written policies and procedures governing its operating and accounting activities in accordance with guidelines set forth by the Louisiana Legislative Auditor (Best Financial Practices).

We recommend that the mayor appoint a committee of council members to assist in completing the necessary policies and procedures. This should be done and adopted before the end of the 2005-2006 fiscal year.

The mayor has indicated that this committee will be appointed and the necessary documents prepared and adopted.

Compliance and Other Matters

B1 - The Town failed to submit its annual audit within the prescribed six month period.

Although the Town Clerk missed over three months due to major surgery, the Town needs to adopt a contingency plan to ensure that accurate financial records are maintained at all times and that this information is readily available for audit.

The Council has addressed this issue by hiring an assistant clerk to aid in the record keeping process. The Town will also work more closely with an outside fee accountant should this situation ever occur again.

**TOWN OF SUNSET, LOUISIANA  
STATUS OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2005**

**The prior audit disclosed no findings material to the financial statements.**

[This form is an unaudited informational document prepared by management of the agency.]

LEGISLATIVE AUDITOR  
BATON ROUGE LA 70804

**DATA COLLECTION FORM**

**FOR REPORTING ON STATE AND LOCAL GOVERNMENT AND QUASI-PUBLIC ENTITIES**

OMB Form 0348-0057 may be used as a substitute for this form.

RETURN to: Legislative Auditor ([ereports@lla.state.la.us](mailto:ereports@lla.state.la.us)) or  
Attn: Engagement Processing  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Date Submitted 4/18/06

1. Fiscal Year Ending Date For This Submission:

6/30/05

3. Audit Period Covered

Annual  Biennial  
 Other to

2. Type of Report:

Single Audit  GAO Audit Standards Audit  
 Compilation  Review/Attestation  
 Program Audit  Other

Total Revenues and other sources, all funds \$

4. AUDITEE INFORMATION

Auditee Name

Town of Sunset, Louisiana

Street Address (Number and Street)

855 Napoleon Ave.

Mailing Address (PO No.)

City

Sunset

State

LA

Zip

70584

Auditee Contact

Name

Lydia Boxie

Title

Clerk

Telephone

(337) 662-5296

Fax

(337) 662-5763

Email (Optional)

5. AUDITOR INFORMATION

Firm Name

Richard Urban CPA

Street Address (Number and Street)

1112 Heather Drive

Mailing Address (PO No.)

City

Opelousas

State

LA

Zip

70570

Auditor Contact

Name

Richard Urban

Title

CPA

Telephone

(337) 942-2154

Fax

(337) 948-3813

Email (Optional)

Component Units Included Within the Report and for Which No Separate Report Will Be Issued:

If there are no modifications to the auditor's financial opinion, no reported deficiencies in internal control, no reported instances of noncompliance, no management letter, and no prior year findings, check this box and do not complete the rest of the form.

6. FINANCIAL STATEMENTS

a. Type of audit report on financial statements.  Not Applicable

Unqualified Opinion  Qualified Opinion  Adverse Opinion  Disclaimer of Opinion

b. Is a 'going concern' explanatory paragraph included in the audit report?  Yes  No

c. Do any of the funds have deficit balances?  Yes  No

7. INTERNAL CONTROL

Do the comments on internal control include:  material weaknesses  other conditions

8. COMPLIANCE

Do the comments on compliance include:  criminal acts  fraud and abuse  not applicable

9. CURRENT YEAR MANAGEMENT LETTER (Finding Caption and No.)

Resolved  Yes  No  No Longer Applicable

Resolved  Yes  No  No Longer Applicable

Resolved  Yes  No  No Longer Applicable

10. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)

A1 - Written policies and procedures \$ 0 Resolved  Yes  No  No Longer Applicable

A1 - Report submitted late \$ 0 Resolved  Yes  No  No Longer Applicable

Do any findings address nepotism, ethics violations or related party transactions?  Yes  No

Do any findings address violation of bond indenture covenants?  Yes  No

11. SCHEDULE OF PRIOR YEAR FINDINGS/QUESTIONED COSTS/MANAGEMENT LETTER COMMENTS

(Finding/Comment Caption and No.)

None Resolved  Yes  No  No Longer Applicable

CPA SIGNATURE  
AUDITEE SIGNATURE

Richard Urban  
Lydia B. Boxie, CMC

Date 4/13/06  
Date 4/13/06