

MINUTES OF A REGULAR MEETING OF THE MAYOR AND COUNCIL, TOWN OF SORRENTO, TUESDAY, DECEMBER 3, 2019, 6:00 P.M., SORRENTO TOWN HALL, SORRENTO, LOUISIANA

Members Present:

Councilmen: Christopher Guidry, Wanda Bourgeois, Randy Anny

Mayor: Michael Lambert

Town Clerk: Paige Robert

Absent: Patti Poche, Donald Schexnaydre

Motion by Councilman Randy Anny and seconded by Councilman Christopher Guidry to add item 12 C, authorize payment to Mitchell Contracting, Inc. in the amount of \$53,955.00 to the agenda. Motion carried. Vote as follows:

YEAS: Christopher Guidry, Wanda Bourgeois, Randy Anny

NAYS: None ABSENT: Patti Poche, Donald Schexnaydre

Motion by Councilman Randy Anny and seconded by Councilman Wanda Bourgeois to approve the minutes of the regular meeting of the mayor and council taken Tuesday November 5, 2019. Motion carried. Vote as follows:

YEAS: Wanda Bourgeois, Randy Anny, Christopher Guidry

NAYS: None ABSENT: Patti Poche, Donald Schexnaydre

Motion by Councilman Randy Anny and seconded by Councilman Christopher Guidry to approve the bills for the month of November 2019 in the amount of \$43,670.08. Motion carried. Vote as follows:

YEAS: Randy Anny, Christopher Guidry, Wanda Bourgeois

NAYS: None ABSENT: Patti Poche, Donald Schexnaydre

Budget to actual reports were presented by Jacob Waguespack from Faulk and Winkler to the Mayor and Council for the month of October 2019. A copy is available at the town hall for review.

Tony Ruiz of Diez, Dupuy and Ruiz, LLC, presented a draft review of the audit for 2018-19 for the Town of Sorrento. A copy is available at the town hall for review.

Motion by Councilman Randy Anny and seconded by Councilman Wanda Bourgeois to approve the 2020 Holidays. Motion carried. Vote as follows:

YEAS: Christopher Guidry, Wanda Bourgeois, Randy Anny

NAYS: None ABSENT: Patti Poche, Donald Schexnaydre

Motion by Randy Anny and seconded by Christopher Guidry to add the introduction of ordinance 19-11, An Ordinance to Amend Article IV, Sections 18-324 through 18-332 of the Code of Ordinances for the Town of Sorrento with respect to "Condemnation" and related standards of application.

Councilman Christopher Guidry introduced ordinance 19-11, An Ordinance to Amend Article IV, Sections 18-324 through 18-332 of the Code of Ordinances for the Town of Sorrento with respect to "Condemnation" and related standards of application. A public hearing was called for the next meeting of the mayor and council on Tuesday, January 7, 2020 at 6:00 pm at the town hall to consider adoption of this ordinance.

Motion by Councilman Randy Anny and seconded by Councilman Christopher Guidry to table the introduction of ordinance 19-10, An Ordinance to Amend Appendix II, Section 17-2045 of the Development Code with Respect to "Manufactured Housing and Mobile Home Standards" and the standards for siting manufactured housing. Motion carried. Vote as follows:

YEAS: Randy Anny, Christopher Guidry, Wanda Bourgeois

NAYS: None

ABSENT: Patti Poche, Donald Schexnaydre

Motion by Councilman Randy Anny and seconded by Councilman Christopher Guidry to table the introduction of the Entergy Franchise Agreement renewal ordinance until the next regular meeting of the mayor and council. Motion carried. Vote as follows:

YEAS: Wanda Bourgeois, Randy Anny, Christopher Guidry

NAYS: None

ABSENT: Patti Poche, Donald Schexnaydre

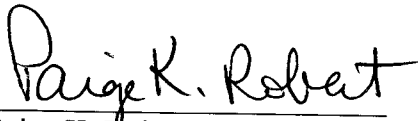
Motion by Councilman Randy Anny and seconded by Councilman Christopher Guidry to authorize payment to Mitchell Contracting, Inc in the amount of \$53,955.00 for sewer repair work. Motion carried. Vote as follows:

YEAS: Randy Anny, Christopher Guidry, Wanda Bourgeois

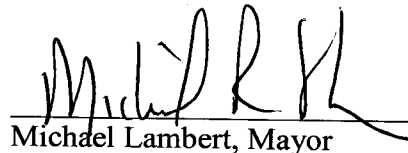
NAYS: None

ABSENT: Patti Poche, Donald Schexnaydre

There being no further business to be brought before the Mayor and Council, on motion duly made and seconded, the meeting was adjourned.



Paige K. Robert  
Paige K. Robert, Town Clerk



Michael Lambert  
Michael Lambert, Mayor

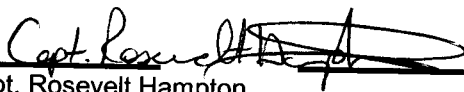
## 2020 HOLIDAYS

<b>Martin Luther King Day</b>	<b>January 20, 2020</b>	<b>Monday</b>
<b>Mardi Gras</b>	<b>February 25, 2020</b>	<b>Tuesday</b>
<b>Good Friday</b>	<b>April 10, 2020</b>	<b>Friday</b>
<b>Memorial Day</b>	<b>May 25, 2020</b>	<b>Monday</b>
<b>Independence Day</b>	<b>7/3/2020</b> <b>(Due to holiday falling on Sat.)</b>	<b>Friday</b>
<b>Labor Day</b>	<b>September 7, 2020</b>	<b>Monday</b>
<b>Veteran's Day</b>	<b>November 11, 2020</b>	<b>Monday</b>
<b>Thanksgiving Day</b>	<b>November 26, 2020</b>	<b>Thursday</b>
<b>Day After Thanksgiving</b>	<b>November 27, 2020</b>	<b>Friday</b>
<b>Christmas Eve</b>	<b>December 24, 2020</b>	<b>Thursday</b>
<b>Christmas Day</b>	<b>December 25, 2020</b>	<b>Friday</b>
<b>New Year's Eve</b>	<b>December 31, 2020</b>	<b>Thursday</b>
<b>New Year's Day</b>	<b>January 1, 2021</b>	<b>Friday</b>

**Mayor and City Council Report**  
**City Calls and Arrest**  
**Sorrento, Louisiana**

	May 2019	Jun 2019	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019
Veh. Accidents	10	15	11	21	16	16	16	
Burglaries	1	2	0	2	0	1	1	
Thefts	6	5	12	10	8	6	6	
Armed Robbery	0	0	0	0	0	0	0	
Simple Robbery	0	0	0	0	0	0	0	
Alarms	13	9	8	12	13	5	14	
Narcotics	1	2	0	1	0	1	0	
Shooting	0	0	0	0	1	0	1	
<b>Total Service C</b>	<b>124</b>	<b>107</b>	<b>126</b>	<b>129</b>	<b>118</b>	<b>132</b>	<b>149</b>	
SCO/Loud Musi	0	0	0	0	0	0	0	

Traffic Citations	10	12	9	32	34	30	6	
Adult Arrests	1	1	7	4	1	4	4	

  
 Cpt. Roosevelt Hampton

<b>Row Labels</b>	<b>Count of Incident Number</b>
911 Investigation	3
Accident	16
Alarm	14
Animal Complaint	3
Assault	1
Assist	33
Burglary	1
Check on Welfare	6
Civil Dispute	2
Damage to Property	1
Disturbance	13
Escort	1
Narcotics	2
School Walk Thru	16
Sex Offense	1
Shooting	1
Suspicious Person/Vehicle	10
Theft	6
Traffic Incident	16
Trespassing	2
Weapons Violations	1
<b>Grand Total</b>	<b>149</b>

***Sorrento***<sup>®</sup>

LOUISIANA

FINANCIAL STATEMENTS

October 31, 2019

Town of Sorrento  
Key stats  
October 31, 2019

1) Cash position

	<u>Total</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Change since - June 30, 2019</u>	<u>Change since - June 30, 2018</u>
October 31, 2019	\$ 552,147	\$ 300,831	\$ 251,316		
June 30, 2019	\$ 721,169			\$ (169,022)	
June 30, 2018	838,386				\$ (286,239)
June 30, 2017	869,551				

Restricted breakdown

Recreation	184,965
Senior citizen programs	64,520
Public safety - fire	43,295
Public safety - police - restricted	2,651
Other	5,400

2) Revenue trends

Sales tax	<u>FYE</u>	<u>General Fund</u>	<u>Restricted Fund</u>		
		<u>Collections</u>		<u>Collections</u>	
	2020	\$ 197,754		\$ 34,898	
	2019	535,232	-6%	94,416	-6%
	2018	567,257	4%	100,104	4%
	2017	543,170		95,854	
	<b>2020 budget</b>	<b>\$ 550,000</b>	<b>36.0%</b>	<b>\$ 96,000</b>	<b>36.4%</b>

Utility charges	<u>FYE</u>	<u>Sewer</u>	<u>Garbage</u>		
	2020	\$ 19,394		\$ 41,236	
	2019	57,915	2%	121,310	5%
	2018	57,033	0%	114,778	0%
	2017	57,304		115,064	
	<b>2020 budget</b>	<b>\$ 58,000</b>	<b>33.4%</b>	<b>\$ 120,000</b>	<b>34.4%</b>

3) Utility receivable aging

	<u>Total</u>	<u>Current</u>	<u>30 days</u>	<u>60 days</u>	<u>90 days</u>	<u>120 days</u>
Amount owed - 10/31/2019	\$ 18,254	\$ 14,133	\$ 1,010	\$ 108	\$ (655)	\$ 3,658
Amount owed - 06/30/2019	15,303	\$ 12,716	\$ (2,226)	\$ 526	\$ (573)	\$ 4,860
Amount owed - 06/30/2018	14,514	\$ 13,664	\$ (1,953)	\$ (449)	\$ (1,179)	\$ 4,431
Amount owed - 06/30/2017	14,879	13,660	(2,089)	402	(28)	2,934

4) Profitability - operating cash flows

	<u>General Fund</u>	<u>Restricted</u>				
FYE 2020						
Surplus (deficit)	\$ (63,014)	\$ (27,287)				
Capital outlay activity, net of grants and proceeds	-	5,944				
Depreciation	-	-				
Operating cash flows	<b>\$ (63,014)</b>	<b>\$ (21,343)</b>				
<u>Utility</u>	<u>2020B</u>	<u>YTD 2019</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Operating deficit	\$ (104,000)	\$ (40,744)	\$ (96,503)	\$ (93,289)	\$ (67,657)	
Capital outlay activity, net of grants and proceeds	26,000	-	-	-	-	
Depreciation	85,000	28,333	85,000	85,000	85,000	
Net	<b>\$ 7,000</b>	<b>\$ (12,411)</b>	<b>\$ (11,503)</b>	<b>\$ (8,289)</b>	<b>\$ 17,343</b>	

Town of Sorrento  
 Overview  
 October 31, 2019

	YTD as of 10/31/2018	Current Year - FYE 2019/2020			% of budget
		Actual	Budget	Remaining	
<b>General:</b>					
Sales tax	175,706	197,754	550,000	352,246	
Property tax	1,011	164	63,000	62,836	
Franchise fees	32,796	42,471	90,000	47,529	
Beer Tax	1,457	1,356	3,000	1,644	
Licenses and permits	763	2,197	96,300	94,104	
Charges for Services	5,155	5,155	10,300	5,145	
Fines	308	607	1,700	1,093	
Intergovernmental grants - Operational	21,407	4,626	33,000	28,374	
FEMA	-	-	-	-	
Transfers In	10,967	29,323	-	(29,323)	
Other	564	450	2,200	1,750	
<b>Total revenue</b>	<b>250,134</b>	<b>284,103</b>	<b>849,500</b>	<b>565,397</b>	<b>33%</b>
Administration	93,469	87,354	297,700	210,346	29%
Police	121,749	122,062	366,700	244,638	33%
Streets	102,741	137,701	286,300	148,599	48%
Capital outlay	7,180	-	-	-	0%
<b>Total expenditures</b>	<b>325,139</b>	<b>347,117</b>	<b>950,700</b>	<b>603,583</b>	<b>37%</b>
<b>Restricted:</b>					
Sales tax	31,007	34,898	96,000	61,102	
General fund	-	-	-	-	
Other	8,862	8,087	18,900	10,813	
<b>Total revenue</b>	<b>39,869</b>	<b>42,985</b>	<b>114,900</b>	<b>71,915</b>	<b>37%</b>
Fire	22,556	20,487	32,000	11,513	
Senior citizen programs	6,360	4,303	30,000	25,697	
Recreation - Community Center	10,684	16,978	29,800	12,822	
Other	6,448	22,560	36,856	14,296	
Capital outlay	9,663	5,944	-	(5,944)	
<b>Total expenditures</b>	<b>55,710</b>	<b>70,272</b>	<b>128,656</b>	<b>58,384</b>	<b>55%</b>
<b>Utility Fund:</b>					
Garbage	38,288	41,236	120,000	78,764	
Sewer	19,298	19,394	58,000	38,606	
FEMA	-	-	-	-	
Other	3,094	4,964	9,200	4,236	
<b>Total revenue</b>	<b>60,680</b>	<b>65,594</b>	<b>187,200</b>	<b>121,606</b>	<b>35%</b>
Garbage	34,883	50,224	110,000	59,776	
Sewer maintenance	17,512	7,311	25,000	17,689	
Sewer operating costs	15,734	12,476	19,200	6,724	
Depreciation	28,333	28,333	85,000	56,667	
Capital outlay	-	-	26,000	26,000	
Other	5,833	7,994	26,000	18,006	
<b>Total expenditures</b>	<b>102,295</b>	<b>106,338</b>	<b>291,200</b>	<b>184,862</b>	<b>37%</b>
<b>Total:</b>					
Inflows	350,683	392,682			
Outflows	483,144	523,727			
Net	(132,461)	(131,045)			
Depreciation	28,333	28,333			
Capital outlay, net of grants and proceeds	16,844	5,944			
<b>Operating, net</b>	<b>(87,285)</b>	<b>(96,768)</b>			



**Town of Sorrento**  
**Sales and use tax collections**  
**Monthly analysis**

<u>General Fund</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>% change</u>
July	\$ 41,351	\$ 46,453	12.3%
August	45,036	51,949	15.4%
September	47,556	52,176	9.7%
October	41,763	47,175	13.0%
November	46,061		-100.0%
December	46,468		-100.0%
January	41,942		-100.0%
February	47,334		-100.0%
March	37,326		-100.0%
April	37,949		-100.0%
May	54,995		-100.0%
June	47,450		-100.0%
	<u>\$ 535,232</u>	<u>\$ 197,754</u>	
Prior year to date		<u>\$ 175,706</u>	12.5% YoY Change
<b>FYE 2019/2020 Budget</b>		<u>\$ 550,000</u>	36.0% % of Budget

<u>Restricted Fund</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>% change</u>
July	\$ 7,297	\$ 8,198	12.3%
August	7,947	9,167	15.4%
September	8,392	9,208	9.7%
October	7,370	8,325	13.0%
November	8,093		-100.0%
December	8,200		-100.0%
January	7,402		-100.0%
February	8,353		-100.0%
March	6,587		-100.0%
April	6,697		-100.0%
May	9,705		-100.0%
June	8,373		-100.0%
	<u>\$ 94,416</u>	<u>\$ 34,898</u>	
Prior year to date		<u>\$ 31,007</u>	12.5% YoY Change
<b>FYE 2019/2020 Budget</b>		<u>\$ 96,000</u>	36.4% % of Budget

**Town of Sorrento**  
**Utility charges & collections**  
**Monthly analysis**

<u>Sewer fees</u>	<u>Users</u>	<u>Charges</u>	<u>Collections</u>	<u>Variance</u>
July	194	\$ 4,822	\$ 4,433	\$ (389)
August	194	4,864	5,141	277
September	195	4,864	3,664	(1,200)
October	195	4,844	6,060	1,216
November				-
December				-
January				-
February				-
March				-
April				-
May				-
June				-
		<u>\$ 19,394</u>	<u>\$ 19,298</u>	<u>\$ (96)</u>

**FYE 2019/2020 Budget** \$ 58,000 **33% % of Budget**

<u>Garbage fees</u>	<u>Users</u>	<u>Charges</u>	<u>Collections</u>	<u>% Variance</u>
July	540	\$ 10,350	\$ 8,595	\$ (1,755)
August	532	10,328	11,157	829
September	534	10,428	9,337	(1,091)
October	533	10,130	10,603	473
November				-
December				-
January				-
February				-
March				-
April				-
May				-
June				-
		<u>\$ 41,236</u>	<u>\$ 39,692</u>	<u>\$ (1,544)</u>

**FYE 2019/2020 Budget** \$ 120,000 **34% % of Budget**

**Collection rate** \$ 60,630 \$ 58,990 **97%**

General Fund

Oct 31, 19

ASSETS	
Current Assets	
Checking/Savings	
Bank Accounts	
LAMP Savings Account	23,014.91
UCB Operating - 3194	45,059.53
Total Bank Accounts	<u>68,074.44</u>
Total Checking/Savings	68,074.44
Other Current Assets	
Accounts Receivable-Manual	
Allowance for Accounts Receivab	-100,000.00
Accounts Receivable-Manual - Other	119,147.00
Total Accounts Receivable-Manual	<u>19,147.00</u>
Cash Drawer	
Cash Box	150.00
Total Cash Drawer	<u>150.00</u>
Prepaid Expenses	3,143.09
Total Other Current Assets	<u>22,440.09</u>
Total Current Assets	90,514.53
Other Assets	
Due from other gov't agencies	51,608.00
Total Other Assets	<u>51,608.00</u>
<b>TOTAL ASSETS</b>	<b><u>142,122.53</u></b>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	18,849.42
Total Accounts Payable	<u>18,849.42</u>
Other Current Liabilities	
Accounts Payable-Manual	19,552.00
Accrued Expenses	29,486.05
Accrued Payroll Expense	1,227.31
Bail Bonds Payable	14,011.50
Direct Deposit Liabilities	-3,520.27
Due to/from Restricted Fund	-1,733.32
Due to/from Utility account	-231,554.65
Payroll Liabilities	-1,041.91
Total Other Current Liabilities	<u>-173,573.29</u>
Total Current Liabilities	<u>-154,723.87</u>
Total Liabilities	-154,723.87
Equity	
Fund Balance - Unreserved	359,860.07
Net Income	-63,013.67
Total Equity	<u>296,846.40</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>142,122.53</u></b>

General Fund

	<u>Oct 19</u>	<u>Jul - Oct 19</u>
Ordinary Income/Expense		
Income		
Fines & Forfeits		
Court Cost-Sheriff	93.00	150.58
Fines-Sheriff	258.72	456.72
Total Fines & Forfeits	<u>351.72</u>	<u>607.30</u>
General Gov. Misc. Income		
State Tourism Grant	4,625.54	4,625.54
General Gov. Misc. Income - Other		37.95
Total General Gov. Misc. Income	<u>4,625.54</u>	<u>4,663.49</u>
Grass Cutting Revenue		5,155.00
Interest Income	37.99	167.32
Licenses & Permits		
Beer & Liquor Licenses		125.00
Occupational Licenses	197.39	1,871.50
Permits		200.00
Total Licenses & Permits	<u>197.39</u>	<u>2,196.50</u>
Planning & Zoning Fees		245.00
Taxes		
Advalorem Taxes		164.36
Beer Tax	666.48	1,355.77
Franchise Tax	20,888.44	42,470.97
Sales and Use Tax	47,175.29	197,754.20
Total Taxes	<u>68,730.21</u>	<u>241,745.30</u>
Transfers In	3,441.66	29,322.97
Total Income	<u>77,384.51</u>	<u>284,102.88</u>

General Fund

Expense	<u>Oct 19</u>	<u>Jul - Oct 19</u>
Bank Service fee		10.36
General Government		
Conventions and Training	365.75	2,873.40
Dues		170.00
Insurance		
Liability Ins	2,432.63	4,865.26
Property and bonds		1,912.80
Workers Comp.	<u>201.01</u>	<u>804.04</u>
Total Insurance	<u>2,633.64</u>	<u>7,582.10</u>
Miscellaneous		570.47
Office Expense		
Advertising		336.60
Other	1,447.84	1,512.84
Planning & zoning	325.20	505.35
Repairs & Maintenance	1,273.79	2,154.36
Supplies	836.15	2,075.12
Telephone	228.74	929.50
Travel	72.84	151.72
Utilities	<u>558.07</u>	<u>2,425.30</u>
Total Office Expense	<u>4,742.63</u>	<u>10,090.79</u>
Office P/R Expense		
Admin	8,032.48	32,888.75
Medicare	116.48	476.91
Social Securty	<u>498.06</u>	<u>2,039.15</u>
Total Office P/R Expense	<u>8,647.02</u>	<u>35,404.81</u>
Professional Services		
Accounting Fees	1,695.00	13,030.00
Attorney Fees	1,480.00	5,169.26
Building Inspector		1,750.00
IT Services	2,350.37	6,271.48
Payroll Fees	<u>318.00</u>	<u>1,569.00</u>
Total Professional Services	<u>5,843.37</u>	<u>27,789.74</u>
Tourism and Promotion	<u>382.53</u>	<u>2,862.51</u>
Total General Government	<u>22,614.94</u>	<u>87,343.82</u>

General Fund

	<u>Oct 19</u>	<u>Jul - Oct 19</u>
Highway & Streets		
Animal Control		11,275.00
Debt Service - Lease Payments	3,143.11	12,572.36
Engineering Fees	2,896.25	12,100.00
Insurance		
Liability Ins.	1,932.64	3,865.28
Workers Comp	719.92	2,879.68
Total Insurance	<u>2,652.56</u>	<u>6,744.96</u>
Operating		
Fuel Expense	2,535.35	7,364.43
Repairs	3,244.11	15,284.53
Supplies	847.79	4,193.82
Telephone	190.85	964.20
Utilities	209.99	931.72
Total Operating	<u>7,028.09</u>	<u>28,738.70</u>
P/R Expense		
Medicare	135.35	700.74
Salaries	9,333.68	48,327.27
Social Security	578.69	2,996.29
Total P/R Expense	<u>10,047.72</u>	<u>52,024.30</u>
Road Maintenance and repairs		1,200.00
Street Lights	2,067.84	13,045.30
Total Highway & Streets	<u>27,835.57</u>	<u>137,700.62</u>
Payroll Expenses	-0.01	
Public Safety		
General Expense		
Telephone	457.48	1,859.02
Utilities	161.55	880.37
Total General Expense	<u>619.03</u>	<u>2,739.39</u>
P/R Expense		
Contract Labor	29,486.05	117,944.20
Judges Retirement	102.45	402.48
Salaries	243.92	975.68
Total P/R Expense	<u>29,832.42</u>	<u>119,322.36</u>
Total Public Safety	<u>30,451.45</u>	<u>122,061.75</u>
Total Expense	<u>80,901.95</u>	<u>347,116.55</u>
Net Ordinary Income	<u>-3,517.44</u>	<u>-63,013.67</u>
Net Income	<u>-3,517.44</u>	<u>-63,013.67</u>

Ordinary Income/Expense	General Fund			
	Jul - Oct 19	Budget	\$ Over Budget	% of Budget
Income				
Fines & Forfeits				
Court Cost-Sheriff	150.58	500.00	-349.42	30.12%
Fines-Sheriff	456.72	1,200.00	-743.28	38.06%
Total Fines & Forfeits	607.30	1,700.00	-1,092.70	35.72%
General Gov. Misc. Income				
State LGAP Grant		15,000.00	-15,000.00	
State Tourism Grant	4,625.54	18,000.00	-13,374.46	25.7%
General Gov. Misc. Income - Other	37.95	500.00	-462.05	7.59%
Total General Gov. Misc. Income	4,663.49	33,500.00	-28,836.51	13.92%
Grass Cutting Revenue	5,155.00	10,300.00	-5,145.00	50.05%
Interest Income	167.32	500.00	-332.68	33.46%
Licenses & Permits				
Beer & Liquor Licenses	125.00	1,000.00	-875.00	12.5%
Occupational Licenses	1,871.50	95,000.00	-93,128.50	1.97%
Permits	200.00	300.00	-100.00	66.67%
Total Licenses & Permits	2,196.50	96,300.00	-94,103.50	2.28%
Planning & Zoning Fees	245.00	1,200.00	-955.00	20.42%
Taxes				
Advalorem Taxes	164.36	63,000.00	-62,835.64	0.26%
Beer Tax	1,355.77	3,000.00	-1,644.23	45.19%
Franchise Tax	42,470.97	90,000.00	-47,529.03	47.19%
Sales and Use Tax	197,754.20	550,000.00	-352,245.80	35.96%
Total Taxes	241,745.30	706,000.00	-464,254.70	34.24%
Transfers In	29,322.97	57,156.00	-27,833.03	51.3%
Total Income	284,102.88	906,656.00	-622,553.12	31.34%

General Fund

Ordinary Income/Expense

Expense

Bank Service fee	10.36			
General Government				
Capital outlay-buildings		30,000.00	-30,000.00	
Conventions and Training	2,873.40	3,000.00	-126.60	95.78%
Dues	170.00	1,500.00	-1,330.00	11.33%
Insurance				
Liability Ins	4,865.26	12,500.00	-7,634.74	38.92%
Property and bonds	1,912.80	2,500.00	-587.20	76.51%
Workers Comp.	804.04	2,100.00	-1,295.96	38.29%
Total Insurance	<u>7,582.10</u>	<u>17,100.00</u>	<u>-9,517.90</u>	<u>44.34%</u>
Miscellaneous	570.47	800.00	-229.53	71.31%
Office Expense				
Advertising	336.60			
Other	1,512.84	6,500.00	-4,987.16	23.27%
Planning & zoning	505.35	1,000.00	-494.65	50.54%
Repairs & Maintenance	2,154.36	5,000.00	-2,845.64	43.09%
Supplies	2,075.12	7,500.00	-5,424.88	27.67%
Telephone	929.50	2,800.00	-1,870.50	33.2%
Travel	151.72			
Utilities	2,425.30	6,000.00	-3,574.70	40.42%
Total Office Expense	<u>10,090.79</u>	<u>28,800.00</u>	<u>-18,709.21</u>	<u>35.04%</u>
Office P/R Expense				
Admin	32,888.75	120,000.00	-87,111.25	27.41%
Medicare	476.91	1,700.00	-1,223.09	28.05%
Social Securiry	2,039.15	7,800.00	-5,760.85	26.14%
Total Office P/R Expense	<u>35,404.81</u>	<u>129,500.00</u>	<u>-94,095.19</u>	<u>27.34%</u>
Professional Services				
Accounting Fees	13,030.00	55,000.00	-41,970.00	23.69%
Attorney Fees	5,169.26	7,500.00	-2,330.74	68.92%
Building Inspector	1,750.00	3,000.00	-1,250.00	58.33%
IT Services	6,271.48	3,000.00	3,271.48	209.05%
Payroll Fees	1,569.00			
Professional Services - Other		500.00	-500.00	
Total Professional Services	<u>27,789.74</u>	<u>69,000.00</u>	<u>-41,210.26</u>	<u>40.28%</u>
Tourism and Promotion	2,862.51	18,000.00	-15,137.49	15.9%
Total General Government	<u>87,343.82</u>	<u>297,700.00</u>	<u>-210,356.18</u>	<u>29.34%</u>



General Fund

Ordinary Income/Expense				
Highway & Streets				
Animal Control	11,275.00	7,500.00	3,775.00	150.33%
Debt Service - Lease Payments	12,572.36	41,000.00	-28,427.64	30.66%
Drainage maintenance		25,000.00	-25,000.00	
Engineering Fees	12,100.00	6,000.00	6,100.00	201.67%
Insurance				
Auto		1,300.00	-1,300.00	
Liability Ins.	3,865.28	6,000.00	-2,134.72	64.42%
Tractors		3,500.00	-3,500.00	
Workers Comp	2,879.68	9,000.00	-6,120.32	32.0%
Total Insurance	<u>6,744.96</u>	<u>19,800.00</u>	<u>-13,055.04</u>	<u>34.07%</u>
Operating				
Fuel Expense	7,364.43	15,000.00	-7,635.57	49.1%
Repairs	15,284.53	12,500.00	2,784.53	122.28%
Supplies	4,193.82	1,000.00	3,193.82	419.38%
Telephone	964.20	2,000.00	-1,035.80	48.21%
Utilities	931.72	3,500.00	-2,568.28	26.62%
Total Operating	<u>28,738.70</u>	<u>34,000.00</u>	<u>-5,261.30</u>	<u>84.53%</u>
P/R Expense				
Medicare	700.74	1,700.00	-999.26	41.22%
Salaries	48,327.27	120,000.00	-71,672.73	40.27%
Social Security	2,996.29	7,800.00	-4,803.71	38.41%
Total P/R Expense	<u>52,024.30</u>	<u>129,500.00</u>	<u>-77,475.70</u>	<u>40.17%</u>
Road Maintenance and repairs	1,200.00			
Street Lights	13,045.30	23,500.00	-10,454.70	55.51%
Total Highway & Streets	<u>137,700.62</u>	<u>286,300.00</u>	<u>-148,599.38</u>	<u>48.1%</u>
Public Safety				
General Expense				
Other		500.00	-500.00	
Telephone	1,859.02	5,500.00	-3,640.98	33.8%
Utilities	880.37	1,500.00	-619.63	58.69%
Total General Expense	<u>2,739.39</u>	<u>7,500.00</u>	<u>-4,760.61</u>	<u>36.53%</u>
P/R Expense				
Contract Labor	117,944.20	355,000.00	-237,055.80	33.22%
Judges Retirement	402.48	1,200.00	-797.52	33.54%
Salaries	975.68	3,000.00	-2,024.32	32.52%
Total P/R Expense	<u>119,322.36</u>	<u>359,200.00</u>	<u>-239,877.64</u>	<u>33.22%</u>
Total Public Safety	<u>122,061.75</u>	<u>366,700.00</u>	<u>-244,638.25</u>	<u>33.29%</u>
Total Expense	<u>347,116.55</u>	<u>950,700.00</u>	<u>-603,583.45</u>	<u>36.51%</u>
Net Ordinary Income	<u>-63,013.67</u>	<u>-44,044.00</u>	<u>-18,969.67</u>	<u>143.07%</u>
Net Income	<u>-63,013.67</u>	<u>-44,044.00</u>	<u>-18,969.67</u>	<u>143.07%</u>

## Restricted Fund

	<u>Oct 31, 19</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
<b>Bank accounts</b>	
Savings Account-LAMP	142,219.84
UCB Restricted-8551	158,611.59
<b>Total Bank accounts</b>	<u>300,831.43</u>
<b>Total Checking/Savings</b>	300,831.43
<b>Other Current Assets</b>	
Due from other govt. units	8,198.00
Due to/from General Fund	-1,733.32
<b>Total Other Current Assets</b>	<u>6,464.68</u>
<b>Total Current Assets</b>	<u>307,296.11</u>
<b>TOTAL ASSETS</b>	<u><u>307,296.11</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Other Current Liabilities</b>	
Accounts Payable - Manual	23,545.00
Community Center Deposit	4,775.00
Unclaimed Forfeitures	2,650.69
<b>Total Other Current Liabilities</b>	<u>30,970.69</u>
<b>Total Current Liabilities</b>	<u>30,970.69</u>
<b>Total Liabilities</b>	30,970.69
<b>Equity</b>	
Fund Balance - Reserved	265,092.29
Retained Earnings	38,520.26
Net Income	-27,287.13
<b>Total Equity</b>	<u>276,325.42</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>307,296.11</u></u>

Restricted Fund

	Oct 19	Jul - Oct 19
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
<b>Restricted Fund Income</b>		
Community Center Rental Income	1,400.00	7,000.00
Interest Income	247.82	1,087.43
<b>Sales &amp; Use Taxes</b>		
Fire Department	2,775.01	11,632.59
Recreation	2,775.02	11,632.59
Senior Citizens	2,775.02	11,632.60
<b>Total Sales &amp; Use Taxes</b>	8,325.05	34,897.78
<b>Total Restricted Fund Income</b>	9,972.87	42,985.21
<b>Total Income</b>	9,972.87	42,985.21
<b>Gross Profit</b>	9,972.87	42,985.21
<b>Expense</b>		
Holiday Celebration Expense	70.32	70.32
<b>Restricted Fund Expense</b>		
<b>Fire Department</b>		
Operating Expense	10,369.80	20,486.94
<b>Total Fire Department</b>	10,369.80	20,486.94
<b>Recreation</b>		
Capital Outlay - Comm. Center	0.00	5,943.75
Insurance - Community Center	0.00	4,655.00
Operating Expense	1,246.05	12,323.35
<b>Total Recreation</b>	1,246.05	22,922.10
<b>Senior Citizen</b>	1,606.00	4,303.33
<b>Total Restricted Fund Expense</b>	13,221.85	47,712.37
Transfers Out - Debt Service	1,733.33	22,489.65
Uncategorized Expenses	0.00	0.00
<b>Total Expense</b>	15,025.50	70,272.34
<b>Net Ordinary Income</b>	-5,052.63	-27,287.13
<b>Net Income</b>	-5,052.63	-27,287.13

Ordinary Income/Expense	Restricted Fund			
	Jul - Oct 19	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
<b>Restricted Fund Income</b>				
Community Center Rental Income	7,000.00	16,000.00	-9,000.00	43.75%
<b>Fire Department</b>				
Fire Department Donation	0.00	0.00	0.00	0.0%
<b>Total Fire Department</b>	0.00	0.00	0.00	0.0%
Holiday Celebration Income	0.00	0.00	0.00	0.0%
Interest Income	1,087.43	2,500.00	-1,412.57	43.5%
Miscellaneous	0.00	400.00	-400.00	0.0%
<b>Sales &amp; Use Taxes</b>				
Fire Department	11,632.59	32,000.00	-20,367.41	36.35%
Recreation	11,632.59	32,000.00	-20,367.41	36.35%
Senior Citizens	11,632.60	32,000.00	-20,367.40	36.35%
<b>Total Sales &amp; Use Taxes</b>	34,897.78	96,000.00	-61,102.22	36.35%
<b>Total Restricted Fund Income</b>	42,985.21	114,900.00	-71,914.79	37.41%
<b>Total Income</b>	42,985.21	114,900.00	-71,914.79	37.41%
<b>Gross Profit</b>	42,985.21	114,900.00	-71,914.79	37.41%
<b>Expense</b>				
Holiday Celebration Expense	70.32	0.00	70.32	100.0%
<b>Restricted Fund Expense</b>				
<b>Fire Department</b>				
Hydrant Maintenance	0.00	0.00	0.00	0.0%
Operating Expense	20,486.94	26,000.00	-5,513.06	78.8%
Fire Department - Other	0.00	0.00	0.00	0.0%
<b>Total Fire Department</b>	20,486.94	26,000.00	-5,513.06	78.8%
<b>Recreation</b>				
Capital Outlay - Comm. Center	5,943.75	0.00	5,943.75	100.0%
Insurance - Community Center	4,655.00	5,000.00	-345.00	93.1%
Operating Expense	12,323.35	24,800.00	-12,476.65	49.69%
<b>Total Recreation</b>	22,922.10	29,800.00	-6,877.90	76.92%
Senior Citizen	4,303.33	30,000.00	-25,696.67	14.34%
Supplies	0.00	0.00	0.00	0.0%
<b>Restricted Fund Expense - Other</b>	0.00	500.00	-500.00	0.0%
<b>Total Restricted Fund Expense</b>	47,712.37	86,300.00	-38,587.63	55.29%
Transfers Out - Debt Service	22,489.65	36,356.00	-13,866.35	61.86%
Uncategorized Expenses	0.00			
<b>Total Expense</b>	70,272.34	122,656.00	-52,383.66	57.29%
<b>Net Ordinary Income</b>	-27,287.13	-7,756.00	-19,531.13	351.82%
<b>Net Income</b>	-27,287.13	-7,756.00	-19,531.13	351.82%

Utility Fund

	<u>Oct 31, 19</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Bank Accounts	
LAMP Savings Account	11,624.97
UCB - Utility Deposit Account	18,796.00
UCB Utility Account	<u>152,720.35</u>
Total Bank Accounts	183,141.32
Cash on hand	<u>100.00</u>
Total Checking/Savings	<u>183,241.32</u>
Accounts Receivable	
Accounts Receivable	
Accounts Receivable	1,319.00
Accounts Receivable - Other	<u>18,254.17</u>
Total Accounts Receivable	19,573.17
Allowance for Bad Debts	-8,700.00
Grants Receivable	<u>34,719.55</u>
Total Accounts Receivable	<u>45,592.72</u>
Other Current Assets	
Construction In Progress	<u>192,495.10</u>
Total Other Current Assets	<u>192,495.10</u>
Total Current Assets	<u>421,329.14</u>
Fixed Assets	
Accum. Depreciation-Water Tower	-1,100,105.20
Fixed Assets	1,127,602.30
Land	60,366.00
Water Tower	<u>773,283.00</u>
Total Fixed Assets	<u>861,146.10</u>
<b>TOTAL ASSETS</b>	<u><u>1,282,475.24</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	<u>11,432.34</u>
Total Accounts Payable	11,432.34
Other Current Liabilities	
Accounts Payable-Audit	11,548.50
Due to General Fund	231,554.65
Garbage Deposits Liabilty	19,105.32
Retainage Payable	<u>17,723.00</u>
Total Other Current Liabilities	<u>279,931.47</u>
Total Current Liabilities	<u>291,363.81</u>
Total Liabilities	291,363.81
Equity	
Contributed Captial	611,885.00
Opening Bal Equity	-44.80
Retained Earnings	420,015.25
Net Income	<u>-40,744.02</u>
Total Equity	<u>991,111.43</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>1,282,475.24</u></u>

Utility Fund		
	<u>Oct 19</u>	<u>Jul - Oct 19</u>
Ordinary Income/Expense		
Income		
Interest Income		
LAMP Account	19.17	84.51
Total Interest Income	<u>19.17</u>	<u>84.51</u>
Utility Income		
Garbage Fee	10,130.00	41,236.00
Late Payment Penalties	332.00	1,278.60
Return Fee	200.00	700.00
Sewer Fee	4,844.00	19,394.00
Water Franchise fees	1,507.00	2,826.00
Utility Income - Other	0.00	75.00
Total Utility Income	<u>17,013.00</u>	<u>65,509.60</u>
Total Income	<u>17,032.17</u>	<u>65,594.11</u>
Expense		
Bank Service charges	16.50	190.65
Capital Outlay - Sewer	0.00	0.00
Depreciation Expense	7,083.33	28,333.32
Garbage Department Expenses		
Garbage Service	10,044.88	50,224.40
Total Garbage Department Expenses	<u>10,044.88</u>	<u>50,224.40</u>
General Administrative		
Billing Supplies	0.00	374.47
Postage	294.70	595.35
Total General Administrative	<u>294.70</u>	<u>969.82</u>
Sewer Department Expenses		
Engineering	910.00	4,796.25
Other	0.00	1,689.60
Repairs, Maintenance & Supplies	0.00	1,255.88
Rural Development Grant	286.32	2,576.85
Sewer System Maintenance	2,039.08	7,311.06
Utility Bills	544.55	2,156.98
Total Sewer Department Expenses	<u>3,779.95</u>	<u>19,786.62</u>
Transfer Out - Debt Service	1,708.33	6,833.32
Total Expense	<u>22,927.69</u>	<u>106,338.13</u>
Net Ordinary Income	<u>-5,895.52</u>	<u>-40,744.02</u>
Net Income	<u>-5,895.52</u>	<u>-40,744.02</u>

Ordinary Income/Expense	Utility Fund			
	Jul - Oct 19	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
Interest Income				
LAMP Account	84.51	200.00	-115.49	42.26%
Interest Income - Other	0.00	0.00	0.00	0.0%
Total Interest Income	84.51	200.00	-115.49	42.26%
Other Income	0.00	0.00	0.00	0.0%
Utility Income				
Garbage Fee	41,236.00	120,000.00	-78,764.00	34.36%
Late Payment Penalties	1,278.60	3,500.00	-2,221.40	36.53%
Return Fee	700.00	1,500.00	-800.00	46.67%
Sewer Fee	19,394.00	58,000.00	-38,606.00	33.44%
Water Franchise fees	2,826.00	4,000.00	-1,174.00	70.65%
Utility Income - Other	75.00	0.00	75.00	100.0%
Total Utility Income	65,509.60	187,000.00	-121,490.40	35.03%
Total Income	65,594.11	187,200.00	-121,605.89	35.04%
<b>Expense</b>				
Bank Service charges	190.65	500.00	-309.35	38.13%
Capital Outlay - Sewer	0.00	26,000.00	-26,000.00	0.0%
Depreciation Expense	28,333.32	85,000.00	-56,666.68	33.33%
Fire Hydrants	0.00	6,000.00	-6,000.00	0.0%
Garbage Department Expenses				
Garbage Service	50,224.40	110,000.00	-59,775.60	45.66%
Garbage Department Expenses - Other	0.00	0.00	0.00	0.0%
Total Garbage Department Expenses	50,224.40	110,000.00	-59,775.60	45.66%
General Administrative				
Billing Supplies	374.47	1,200.00	-825.53	31.21%
Dues & Memberships	0.00	2,000.00	-2,000.00	0.0%
Postage	595.35	1,800.00	-1,204.65	33.08%
Total General Administrative	969.82	5,000.00	-4,030.18	19.4%
Sewer Department Expenses				
Engineering	4,796.25	6,000.00	-1,203.75	79.94%
Grant consultant	0.00	1,200.00	-1,200.00	0.0%
Other	1,689.60	2,000.00	-310.40	84.48%
Repairs, Maintenance & Supplies	1,255.88	1,000.00	255.88	125.59%
Rural Development Grant	2,576.85	0.00	0.00	0.0%
Sewer Service	0.00	25,000.00	-17,688.94	29.24%
Sewer System Maintenance	7,311.06	500.00	-500.00	0.0%
Sundry	0.00	8,500.00	-6,343.02	25.38%
Utility Bills	2,156.98	0.00	0.00	0.0%
Sewer Department Expenses - Other	0.00	0.00	0.00	0.0%
Total Sewer Department Expenses	19,786.62	44,200.00	-24,413.38	44.77%
Transfer Out - Debt Service	6,833.32	20,500.00	-13,666.68	33.33%
Uncategorized Expenses	0.00	0.00	0.00	0.0%
Total Expense	106,338.13	297,200.00	-190,861.87	35.78%
Net Ordinary Income	-40,744.02	-110,000.00	69,255.98	37.04%
Net Income	-40,744.02	-110,000.00	69,255.98	37.04%

# *Sorrento*<sup>®</sup>

LOUISIANA

FINANCIAL STATEMENTS

June 30, 2019

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**TABLE OF CONTENTS (Continued)**

	<u>Exhibit</u>	<u>Page</u>
<b>Other Supplementary Information:</b>		
Schedule of Compensation, Benefits and Other Payments to Agency Heads	B-4	53
<b>OTHER INDEPENDENT AUDITORS' REPORTS</b>		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		55
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>		57
<b>SUMMARY OF PRIOR YEAR FINDINGS</b>		58

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## USING THIS ANNUAL REPORT

The Town's financial statements focus on the government as a whole and on major individual funds. Both government-wide and fund perspectives allow the reader to address relevant questions, broaden a basis for comparison from year to year and should enhance the Town's accountability.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 and 14, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

Fund financial statements start on page 15. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

The Town's auditor has provided assurance in their independent auditors' report, located immediately preceding this MD&A, that the financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each part of this report.

### Reporting on the Town as a Whole

The analysis of the Town as a whole begins on page 13. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and its activities in a way to determine if the Town is in better condition, compared to the prior year. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year's revenues and expenses are reported regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the Town's net position and related changes. The Town's financial health, or financial position, can be measured by its net position – the difference between assets plus deferred outflows and liabilities plus deferred inflows. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors should be considered such as changes in the Town's property and sales tax base and the condition of the Town's buildings, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, the Town's operations are divided into two kinds of activities:

The net position of the Town's business activities decreased by approximately \$129,000 during 2019 due to depreciation expense of \$81,000 and a loss recognized on the disposal of capital assets of \$172,000. The Town operates sewer and garbage services and leases a water distribution system to a private contractor which pays the Town franchise fees.

The results of this year's operations for the primary government as a whole, as reported in the Statement of Activities, are as follows:

Town of Sorrento  
Changes in Net Position  
For the years ended June 30, 2019 and 2018  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 137	\$ 154	\$ 190	\$ 184	\$ 327	\$ 338
Operating grants and contributions	29	16	-	-	29	16
Capital grants and contributions	-	-	144	-	144	-
<b>General revenues:</b>						
Ad valorem taxes	63	60	-	-	63	60
Sales taxes	636	660	-	-	636	660
Franchise taxes	90	90	-	-	90	90
Other and transfers	23	21	(16)	(14)	7	7
<b>Total revenues</b>	<u>978</u>	<u>1,001</u>	<u>318</u>	<u>170</u>	<u>1,296</u>	<u>1,171</u>
<b>Functions/Program expenses:</b>						
General government	311	288	-	-	311	288
Public safety	412	412	-	-	412	412
Highway and streets	335	283	-	-	335	283
Culture and recreation	86	83	-	-	86	83
Interest on long-term debt	2	3	-	-	2	3
Utility operations	-	-	447	262	447	262
<b>Total expenses</b>	<u>1,146</u>	<u>1,069</u>	<u>447</u>	<u>262</u>	<u>1,593</u>	<u>1,531</u>
Change in net position	(168)	(68)	(129)	(92)	(297)	(169)
Beginning net position	1,759	1,827	1,161	1,253	2,920	3,080
<b>Ending net position</b>	<u>\$ 1,591</u>	<u>\$ 1,759</u>	<u>\$ 1,032</u>	<u>\$ 1,161</u>	<u>\$ 2,623</u>	<u>\$ 2,920</u>

**Notes to the financial statements**—The notes provide information that is essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-9.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the Town's major governmental fund, which is the General Fund.

**Financial Analysis of the Government's Funds**

The general government operations of the Town are accounted for in the General Fund. The focus of this fund, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. The following is a summary of general governmental operations:

	(in thousands)	
	General Fund	
	2019	2018
Revenues	\$ 962	\$ 987
Expenditures	1,124	1,034
Deficiency of revenues over expenditures	(162)	(47)
Other financing sources	16	14
Net change in fund balance	(146)	(33)
Beginning fund balance	810	843
Ending fund balance	<u>\$ 664</u>	<u>\$ 810</u>

The Town's General Fund experienced a decrease in fund balance of approximately \$146,000 during 2019, which is primarily related to increases in expenditures related to personnel costs, equipment repairs, insurance costs, professional fees, tourism and promotion initiatives and animal control expenditures of \$52,000 and decrease in sales and use tax revenues of \$24,000. At year end, fund balance was approximately \$664,000, of which approximately \$328,000 was unassigned and available for utilization at the Town's discretion. Of the remaining balance, approximately \$336,000 relates to restricted fund balances where constraints have been established by parties outside the Town by enabling legislation.

(Continued)

## GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the Town's General Fund's budget was amended. The amendment of the operating budget is a customary practice of the Town for changes that occur with financial related matters throughout the fiscal year. The most significant changes during 2019 were as follows:

- A decrease in intergovernmental grants revenue of \$15,000,
- An increase in general government expenditures of \$27,000,
- An increase in highways and street expenditures of \$81,000, and
- An increase in capital outlay expenditures of \$6,000.

Overall, the increases to appropriations (expenditures) were \$135,000, which resulted in the final budget appropriation of approximately \$1,125,500.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2019, the Town had approximately \$2.1 million invested in a range of capital assets, including vehicles, fire equipment, computer equipment, office furniture, land, buildings, water distribution systems, and sewer treatment systems. This amount represents a net decrease of \$118,000, or 5%, from the prior fiscal year end.

	(in thousands)					
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 128	\$ 128	\$ 60	\$ 60	\$ 188	\$ 188
Construction in progress	20	-	192	-	212	-
Infrastructure	33	41	-	-	33	41
Buildings and improvements	638	657	-	192	638	849
Improvements other than buildings	20	23	-	-	20	23
Equipment and vehicles	175	222	-	-	175	222
Sewer system	-	-	507	539	507	539
Water distribution system	-	-	323	352	323	352
Total assets, net of depreciation	<u>\$ 1,014</u>	<u>\$ 1,071</u>	<u>\$ 1,082</u>	<u>\$ 1,143</u>	<u>\$ 1,096</u>	<u>\$ 1,214</u>

The Town elected to capitalize infrastructure assets on a prospective basis as a Phase 3 government, which is provided by GASB No. 34. More detailed information about the Town's capital assets is presented in Note 7 to the financial statements.

**BASIC FINANCIAL STATEMENTS**

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**TOWN OF SORRENTO, LOUISIANA**  
**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2019

	<u>Program Revenues</u>				<u>Net (Expenses) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
<b>Functions/Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 310,530	\$ 116,318	\$ 28,883	\$ -	\$ (165,329)	\$ -	\$ (165,329)
Public safety:							
Police	365,061	2,332	-	-	(362,729)	-	(362,729)
Fire	47,058	-	-	-	(47,058)	-	(47,058)
Highway and streets	334,684	-	-	-	(334,684)	-	(334,684)
Culture and recreation	86,332	18,226	-	-	(68,106)	-	(68,106)
Interest on long-term debt	2,221	-	-	-	(2,221)	-	(2,221)
<b>Total governmental activities</b>	<b>1,145,886</b>	<b>136,876</b>	<b>28,883</b>	<b>-</b>	<b>(980,127)</b>	<b>-</b>	<b>(980,127)</b>
Business-type activities:							
Utility operations	447,431	190,288	-	144,455	-	(112,688)	(112,688)
<b>Total primary government</b>	<b>\$ 1,593,317</b>	<b>\$ 327,164</b>	<b>\$ 28,883</b>	<b>\$ 144,455</b>	<b>(980,127)</b>	<b>(112,688)</b>	<b>(1,092,815)</b>
General revenues:							
Taxes:							
Sales					635,650	-	635,650
Franchise					89,685	-	89,685
Ad valorem					63,596	-	63,596
Other					2,649	-	2,649
Investment income					3,948	263	4,211
Miscellaneous					500	-	500
Transfers					16,300	(16,300)	-
<b>Total general revenues</b>					<b>812,328</b>	<b>(16,037)</b>	<b>796,291</b>
<b>Change in net position</b>					<b>(167,799)</b>	<b>(112,725)</b>	<b>(296,524)</b>
Net position - beginning of year					1,754,412	1,160,921	2,919,300
Net position - end of year					<b>\$ 1,590,320</b>	<b>\$ 1,054,856</b>	<b>\$ 2,622,776</b>

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF SORRENTO, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUND**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**

June 30, 2019

Total net position reported for governmental activities in the statement of net position is different because:

Total fund balance - governmental fund (Exhibit A-2)	\$		663,471
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.			1,013,697
Long-term liabilities (e.g. leases), that are not due and payable in the current period and, therefore, are not reported in the governmental funds:			
Accrued interest payable		(153)	
Installment purchase agreement		(76,579)	(76,732)
Pension related obligations are not due and payable with current resources and, therefore, are not reported in governmental funds.			
Net pension liability	\$	(10,912)	
Deferred outflows related to pension liability		1,518	
Deferred inflows related to pension liability		(122)	(9,516)
Net position of governmental activities (Exhibit A)			\$ 1,596,020

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Notes on Exhibit A-9 are an integral part of this statement.



**TOWN OF SORRENTO, LOUISIANA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO  
THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2019

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balance - total governmental fund (Exhibit A-4) \$ (146,100)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.

Capital outlay	32,689	
Depreciation expense	<u>(90,633)</u>	(57,944)

Issuance of long-term liabilities (leases) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities.

Principal payments on lease purchase	35,426	
Accrued interest expense	<u>70</u>	35,496

Changes in net pension obligations are reported only in the Statement of Activities.

Change in net position of governmental activities (Exhibit A-1)		<u>\$ (157,799)</u>
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**TOWN OF SORRENTO, LOUISIANA  
 PROPRIETARY FUND - UTILITY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION**

For the year ended June 30, 2019

**OPERATING REVENUES**

## Charges for services:

Garbage	\$ 122,910
Sewer	58,193
Penalties	3,778
Water franchise fees	<u>5,407</u>

Total operating revenues	<u>190,288</u>
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**OPERATING EXPENSES**

Garbage	114,248
Sewer	76,553
Administrative	3,462
Depreciation	<u>80,779</u>

Total operating expenses	<u>275,042</u>
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Operating loss	(84,754)
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**NONOPERATING REVENUES AND EXPENSES**

Loss on disposal of asset	(172,389)
Interest income	<u>283</u>

Total nonoperating revenue and expenses	<u>(172,126)</u>
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Loss before capital grants, contributions, and transfers	(256,880)
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Capital grants and contributions	144,455
Transfers out	<u>(16,300)</u>

Change in net position	(128,725)
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**NET POSITION**

Beginning of year	1,160,581
End of year	<u>\$ 1,031,856</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF SORRENTO, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Statement Presentation

Located in Ascension Parish, the Town of Sorrento was incorporated in 1956 and is a political subdivision of the State of Louisiana. The Town, under the provisions of the Lawrason Act, enacts ordinances, sets policy, and establishes programs in such fields as public safety, highways and streets, and culture and recreation.

The financial statements of the Town of Sorrento, Louisiana (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are described below.

The financial statements comply with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB 34) and include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town’s overall financial position and results of operations,
- Financial statements prepared using accrual accounting for all of the Town’s activities, including infrastructure (roads, bridges, etc.), and
- Fund financial statements to focus on the major funds.

##### Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary municipal government, and where applicable (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-wide Financial Statements (Continued)**

*Governmental activities* generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

*Business type activities* are financed in whole or part by fees charged to external parties for utility services provided. The Town's sewer, water, and garbage services are classified as business-type activities.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 business-type activity, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column in the basic financial statements. The Town does not have any non-major funds in 2019.

The daily operations of the Town continue to be organized on the basis of funds, 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, equity, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. The Town does not have any fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Measurement Focus**

***Government-wide financial statements***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are assessed. Program revenues for governmental activities include operating and capital grants, occupational licenses and permits, and special assessments.

***Fund financial statements***

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting. Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, traffic fines, and governmental miscellaneous revenues, are recorded as earned since they are measurable and available.

Nonexchange transactions, in which the Town receives value without directly giving value in return, includes sales tax, ad valorem tax, federal and state grants, and special assessments. Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent after December 31st. The taxes are generally collected in December of the current year and January and February of the following year. Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time. Federal and state grants are recorded as revenue when the Town is entitled to the funds, generally corresponding to when grant related costs are incurred by the Town, but subject to the availability criteria. Special assessments are recorded when the Town has an enforceable legal claim on those resources.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt which is recognized when due, and (2) claims and judgments and compensated absences are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfund Receivables/Payables**

During the course of operations, transactions may occur between individual funds. Those related to short-term borrowings are classified as “due from other funds” or “due to other funds” on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” The Utility Fund owed the General Fund \$69,846 at June 30, 2019.

**Capital Assets**

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

**Government-wide Statements**

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Prior to the implementation of GASB 34, governmental funds' infrastructure assets were not capitalized. The Town has elected to capitalize infrastructure expenditures on a prospective basis.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Infrastructure	15 years
Buildings	25 - 40 years
Improvements	10 years
Machinery and equipment	3 - 20 years

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows and Inflows of Resources (Continued)**

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) at that time. The amounts deferred and recognized as an inflow of resources in the period that the amounts become available.

**Government-wide and Proprietary Fund Net Position**

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted - consist of net position that is restricted by the Town Charter, the Town Code, Town's creditors (for example, through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net position is reported in this category.

***Use of Restricted Resources***

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to reduce restricted net assets followed by unrestricted net assets.

**Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of the Town Charter, the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution.
- Assigned - Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Town Council.
- Unassigned - All amounts not included in other spendable classifications.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for uncollectible accounts and depreciation.

**Reclassification**

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. The reclassifications have no effect on the net assets previously reported.

**Subsequent Events**

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through December XX, 2019, the date the financial statements were available to be issued. No significant subsequent events were noted.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The Town may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments.

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2019, the Town's deposits were not exposed to any custodial risk. As of June 30, 2019, the Town had a balance of \$175,574 invested in LAMP.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pools of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S. 33:2955 that operates in conformity with Rule 2a7 of the Securities and Exchange Commission that governs the accounting practice of investment pools.

(Continued)



**NOTE 4 - ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS**

At June 30, 2019, accounts receivable for the Town's funds consisted of the following:

General fund:	
Franchise fees	\$ 19,147
Utility fund:	
User fees, net	12,266
Franchise fees	1,319
Total utility fund, net	13,585
Total	\$ 32,732

Due from other governments at June 30, 2019 in the General Fund totaled \$59,806.

Due from other governments:

General fund:

Sales & use tax	\$ 54,651
DOTD grass cutting	5,155

Total due from other governments - general fund 59,806

Utility fund:

FEMA receivable	139,518
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Total due from other governments - primary government \$ 199,324

Additionally, the Town has recorded an accounts receivable of \$100,000 in special assessments due from Renaissance Orange Grove, L.L.C. (see Note 10). This amount is considered likely uncollectable by the Town, therefore, a provision for doubtful account has also been recorded of \$100,000.

(Continued)

**NOTE 7 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 127,750	\$ -	\$ -	\$ 127,750
Construction in progress	-	20,126	-	20,126
Total capital assets not being depreciated	<u>127,750</u>	<u>20,126</u>	<u>-</u>	<u>147,876</u>
<b>Capital assets being depreciated:</b>				
Infrastructure	137,405	-	-	137,405
Buildings and improvements	888,190	-	-	888,190
Equipment and vehicles	394,855	12,563	-	407,418
Improvements other than buildings	31,082	-	-	31,082
Total capital assets being depreciated	<u>1,451,532</u>	<u>12,563</u>	<u>-</u>	<u>1,464,095</u>
Less accumulated depreciation for:				
Infrastructure	95,756	9,160	-	104,916
Buildings and improvements	230,772	18,995	-	249,767
Equipment and vehicles	173,084	59,370	-	232,454
Improvements other than buildings	8,029	3,108	-	11,137
Total accumulated depreciation	<u>507,641</u>	<u>90,633</u>	<u>-</u>	<u>598,274</u>
Total capital assets being depreciated, net	<u>943,891</u>	<u>(78,070)</u>	<u>-</u>	<u>865,821</u>
Governmental activities capital assets, net	<u>\$ 1,071,641</u>	<u>\$ (57,944)</u>	<u>\$ -</u>	<u>\$ 1,013,697</u>

(Continued)

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**NOTE 8 - LONG-TERM LIABILITIES**

**LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES**

The following is a summary of long-term liabilities transactions for the primary government for governmental activities for the year ended June 30, 2019:

	Outstanding July 1, 2018	Additions	Reductions	Outstanding June 30, 2019	Due Within One Year
Installment purchase agreement	\$ 112,005	\$ -	\$ 35,426	\$ 76,579	\$ 39,345
Net pension liability	11,684	-	772	10,912	-
	<u>\$ 123,689</u>	<u>\$ -</u>	<u>\$ 36,198</u>	<u>\$ 87,491</u>	<u>\$ 39,345</u>

Long-term liabilities obligations for the primary government for governmental activities at June 30, 2019, are comprised of the following individual issues:

***Lease Purchase Agreement***

\$177,587 of proceeds for the purchase of equipment, due in monthly installments of \$3,143 through June 2021, interest at 2.39%, secured by equipment.

\$ 76,579

***Net pension liability***

10,912

Total long-term liabilities – governmental activities

\$ 87,491

**Debt Service Requirements to Maturity**

The annual debt service requirements to amortize outstanding long-term liabilities of the primary governmental-type activities at June 30, 2019 are as follows:

Maturity	Installment Purchase Agreement	
	Principal	Interest
2020	\$ 39,345	\$ 1,515
2021	47,234	484
Totals	<u>\$ 76,579</u>	<u>\$ 1,999</u>

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	Contribution Rates		
	Town	Employees	
<b>Louisiana State Employees' Retirement System</b>			
Judges hired before 1/1/2011	40.10%	10.00%	
Judges hired after 12/31/2010	39.60%	10.00%	
Judges hired on or after 7/1/2015	39.60%	10.00%	
Plan	2019	2018	2017
Louisiana State Employees' Retirement System	\$ 1,158	\$ 1,169	\$ 1,020

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

The following schedule lists the Town's proportionate share of the Net Pension Liability for the pension plan based on the measurement dates. The Town uses this measurement to record its net pension liability and associated amounts as of June 30, 2019, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at the measurement date of the plan, along with the change compared prior year rates. The Town's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2018	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
LASERS	\$ 10,912	0.00016%	0.00017%	-0.00001%

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**NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Assumptions**

Demographic and salary assumptions used in the valuation were adopted by the Board of Trustees following the most recent experience study. The Retirement System is required to conduct an experience study every five years. An experience study was completed for the observation period of 2009-2013. The recommended assumption changes based on this study were adopted by the Board, effective July 1, 2014. The experience study report, dated January 16, 2014, provides further information regarding the rationale for these assumptions.

A summary of the actuarial methods and assumptions used in determining the total pension liability for the plan as of June 30, 2019:

	Measurement/ Valuation Date	Expected Remaining Service Lives	Investment Rate of Return
<b>LASERS</b>	June 30, 2018	3 years	7.65%; net of investment expense

***Mortality***

Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.

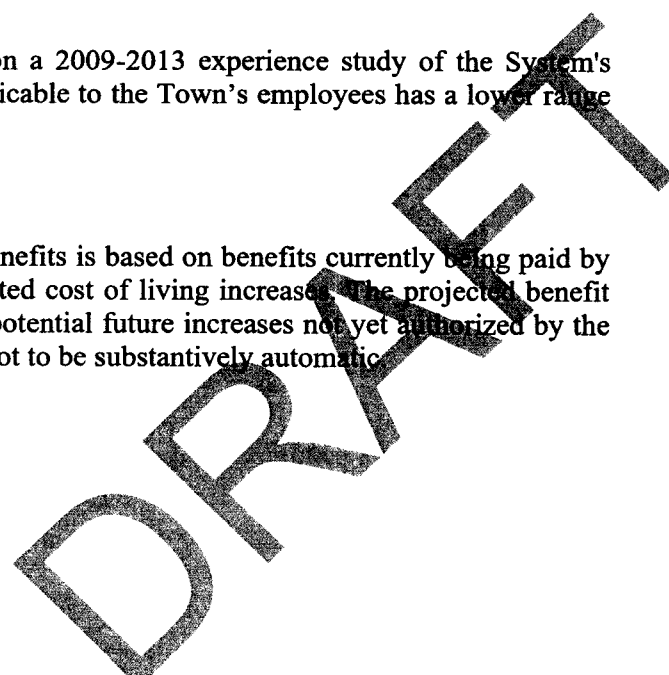
Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

***Salary Increases***

Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase range applicable to the Town's employees has a lower range of 2.8% and upper range of 5.3%.

***Cost of Living Adjustments***

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.



**NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The following table presents the Town's proportionate share of the Net Pension Liability (NPL) using the discount rate of the Retirement System as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement System:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
<b>LASERS</b>			
Discount Rates	6.65%	7.65%	8.65%
Shares of Net Pension Liability	\$ 13,772	\$ 10,912	\$ 8,449

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

**Intergovernmental Agreement**

The Town entered into an agreement with Orange Grove Community Development District (the District) whereas the District and its developer, Renaissance Orange Grove, L.L.C. (Renaissance), plan to construct a planned unit development (Orange Grove) within an annexed area of the Town. The Town and Renaissance have agreed that within 45 days of completed construction and approval of the final plat of the first filing of Orange Grove subdivision, the infrastructure assets of Orange Grove, which consist of a sewer system and related facilities, internal roadway system and storm water management system, shall be transferred by the District to the Town. Upon transfer of the systems, the Town shall assume full ownership and responsibility for operation and maintenance of the systems and will be responsible for the expansion, completion, operation and maintenance of the systems for all residents of Orange Grove who may reside in subsequent filing plats of Orange Grove. Also, the Town shall have exclusive rights to all fees and revenues generated from the sewer system within Orange Grove. The term of this agreement is for 50 years unless terminated by both the Town and the District.

As of June 30, 2019, the systems had not been transferred to the Town from the District.

Additionally, the District partially financed the construction of Orange Grove through the issuance of special assessment bonds. The Town has not incurred any debt, liabilities or other obligations as the bonds were issued by the District.

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**NOTE 11 - DEFERRED COMPENSATION PLAN (CONTINUED)**

The Town has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Under this statement governments who have no responsibility for the plan and are not formally considered the Plan's trustee are not required to report the plan in its financial statements. Since the Town Plan is held in a custodial account with a third-party administrator, the assets and liabilities are not presented in the Town's financial statements.

**NOTE 12 - COMPENSATION OF GOVERNING BOARD**

During the year ended June 30, 2019, Council members received compensation, as follows:

<u>Name</u>	<u>Amount</u>
Randy Anny	\$ 3,600
Wanda LeBlanc Bourgeois	3,600
Pattie Melancon Poche'	3,600
Donald Schexnaydre	3,600
Robert J Debate	1,500
Randi Sutton	<u>2,100</u>
Total	<u>\$ 18,000</u>

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**TOWN OF SORRENTO, LOUISIANA  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance - favorable (unfavorable)
<b>REVENUES</b>				
Taxes:				
Sales and use	\$ 636,000	\$ 636,000	\$ 635,650	\$ (350)
Franchise	90,000	90,000	89,685	(315)
Ad valorem	60,000	62,500	63,596	1,096
Beer	3,000	3,000	2,649	(351)
Licenses and permits	94,500	96,300	104,858	8,558
Charges for services	22,600	27,600	29,686	2,086
Fines	1,500	1,700	2,332	632
Grants and contributions	48,000	33,000	28,883	(4,117)
Investment income	2,050	3,300	3,948	648
Miscellaneous	500	900	500	(400)
Total revenues	<u>958,150</u>	<u>954,300</u>	<u>961,787</u>	<u>7,487</u>
<b>EXPENDITURES</b>				
Current function:				
General government	253,200	280,300	289,854	(9,554)
Public safety:				
Police	366,000	366,700	365,061	1,639
Fire	32,000	51,000	47,058	3,942
Highways and streets	194,000	274,500	291,906	(17,406)
Culture and recreation	59,000	57,000	59,902	(2,902)
Debt service	38,000	42,000	37,717	4,283
Capital outlay	48,000	54,000	32,689	21,311
Total expenditures	<u>990,200</u>	<u>1,125,500</u>	<u>1,124,187</u>	<u>1,313</u>
Deficiency of revenues over expenditures	(32,050)	(171,200)	(162,400)	8,800
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Utility Fund	16,300	16,300	16,300	-
Net change in fund balance	(15,750)	(154,900)	(146,100)	8,800
<b>FUND BALANCE</b>				
Beginning of year, per budget	<u>719,677</u>	<u>759,551</u>	<u>809,571</u>	
End of year, per budget	<u>\$ 703,927</u>	<u>\$ 604,651</u>	<u>\$ 663,471</u>	

The notes to the required supplementary information are an integral part of this schedule.



**TOWN OF SORRENTO, LOUISIANA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**

**LAST TEN FISCAL YEARS (1)**

For the year ended June 30, 2019

**Louisiana State Employees' Retirement System (LASERS):**

<u>As of the fiscal year ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
6/30/2019	\$ 1,215	\$ 1,158	\$ (57)	2,927	39.56%
6/30/2018	1,215	1,169	(46)	2,927	39.94%
6/30/2017	1,215	1,020	(195)	2,927	34.85%
6/30/2016	1,215	1,132	(83)	2,927	38.67%
6/30/2015	1,215	1,189	(26)	2,927	40.62%

*(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.*

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The notes to the required supplementary information are an integral part of this schedule.

**NOTE 2 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Changes of Assumptions**

In 2019, the investment rate of return for LASERS decreased by .05% resulting in an investment rate of return of 7.65%. There were no changes in the inflation rate nor the expected remaining service life during this period.

In 2018, the investment rate of return for LASERS decreased by .05% resulting in an investment rate of return of 7.70%. Additionally, the inflation rate decreased by .25% resulting in an inflation rate of 3.75%. There were no changes in the expected remaining service life during this period.

In 2017, the investment rate of return for LASERS was 7.75%, while the inflation rate was 3.0%. Additionally, the expected remaining service life was 3 years.

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**INDEPENDENT AUDITORS' REPORTS  
REQUIRED BY *GOVERNMENTAL AUDITING STANDARDS***

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Mayor Michael Lambert, Town Council, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Sorrento (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Town's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*Written policies and procedures were obtained and address the functions noted above.*

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*Written policies and procedures were obtained and address the functions noted above except the policy did not include procedures of how vendors are added to the vendor list.*

*Management's response: Management will review the Town's policies and procedures in place and consider amending the Town's policies to include how vendors are added to the vendor list and procedures for periodically reviewing changes to vendor files.*

- c) **Disbursements**, including processing, reviewing, and approving.

*Written policies and procedures were obtained and address the functions noted above.*

- d) **Receipts/Collections** including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*Written policies and procedures were obtained and address the functions noted above with the exception of management's actions to determine the completeness of all collections for each type of revenue.*

*Management's response: Management will review the Town's policies and procedures in place and consider amending the Town's policies to include management's actions to determine the completeness of all collections for each type of revenue.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*The Town does not have a separate policy on payroll addressing the above items.*

*Management's response: The Town will adopt a written policy addressing the items related to payroll/personnel.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The Town does not have a contracting policy to address the above items.*

*Management's response: The Town will adopt a written policy addressing the items related to contracts.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

*The Town does not have a credit card policy.*

*Management's Response: The Town will adopt a written policy addressing the items related to credit cards.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*Written policies and procedures were obtained and address the functions noted above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*The Town does not have an ethics policy.*

*Management's Response: The Town follows the State's policy. Management will consider amending the Town's policies to note adherence to the Louisiana Code of Governmental Ethics as well as procedures to ensure and monitor that employees/elected officials annually attest through signature verification that they have read the entity's ethics policy.*

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*The Town does not have a debt policy.*

*Management's response: We have two equipment purchase loans; however, will consider adopting a policy.*

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*The Town does not have a disaster recovery/business continuity.*

*Management's response: Management's Response: The Town will adopt a written policy addressing the items related to disaster recovery/business continuity.*

***Board (or Finance Committee, if applicable)***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No exceptions noted.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

*No exceptions noted.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

*No exceptions noted.*

### ***Collections***

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3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Obtained listing of deposit sites and management's representation that listing is complete.*

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

*Obtained listing of collection locations and management's representation that listing is complete.*

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*No exceptions noted.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*No exceptions noted.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*No exceptions noted.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

*No exceptions noted. monthly meetings.*

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*No exceptions noted.*

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

*No exceptions noted.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions noted.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions noted.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

*No exceptions noted.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*No exception noted.*

***Non-Payroll Disbursements (excluding card purchase/payments, travel reimbursements, and petty cash purchases)***

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7. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*Obtained listing of locations that processes payments and management's representation that listing is complete.*



8. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*No exceptions noted.*

b) At least two employees are involved in processing and approving payments to vendors.

*No exceptions noted.*

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*No exceptions noted.*

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*No exceptions noted.*

9. Using each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe that the disbursement matched the related original invoice/billing statement.

*No exception noted.*

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exception noted.*

#### ***Travel and Travel-Related Expense Reimbursements***

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10. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*Obtained listing of all travel and related expense reimbursements, by person, and management's representation that listing is complete.*

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*No exceptions noted.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*No exceptions noted.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*No exceptions noted.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

### ***Payroll and Personnel***

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11. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Obtained listing of all employees/elected officials employed during the fiscal period and management's representation that listing is complete.*

*The personnel files for the five employees/elected officials selected did not include documentation of authorized salaries/pay rates.*

*Management's response: Management will review the Town's personnel policy and consider implementing procedures to document and maintain approved salaries/pay rates in personnel files.*

12. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #11 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*No exceptions noted.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*No exceptions noted.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*No exceptions noted.*

13. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*No exceptions noted.*

14. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*No exceptions noted.*

#### ***Ethics***

---

15. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*No exceptions noted.*

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*The Town's employees/officials did not attest annually attest through signature verification that they have read the entity's ethics policy.*

*Management's Response: Management will consider amending the Town's policies to note adherence to the Louisiana Code of Governmental Ethics as well as procedures to ensure and monitor that employees/elected officials annually attest through signature verification that they have read the entity's ethics policy*

***Other***

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16. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management asserted that the entity did not have any misappropriations of public funds or assets.*

17. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions noted.*

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Gonzales, Louisiana  
November 2, 2018