

TOWN OF SUNSET, LOUISIANA

Financial Report

Year Ended June 30, 2023

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
FUND FINANCIAL STATEMENTS (FFS)	
Major fund descriptions	9
Balance sheet - governmental funds	10
Reconciliation of the governmental funds balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances - governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	13
Statement of net position - proprietary fund	14
Statement of revenues, expenses, and change in fund net position - proprietary fund	15
Statement of cash flows - proprietary fund	16-17
Notes to basic financial statements	18-44
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - budgetary comparison schedule	46
Sales Tax Special Revenue Fund - budgetary comparison schedule	47
Economic Development District Special Revenue Fund - budgetary comparison schedule	48
Schedule of employer's share of net pension liability	49
Schedule of employer pension contributions	50
Notes to the required supplementary information	51-52
OTHER SUPPLEMENTARY INFORMATION	
Judicial System Funding Schedule - Collecting/Disbursing Entity	54
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56-57
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	58-60
Schedule of expenditures of federal awards	61
Notes to schedule of expenditures of federal awards	62
Schedule of findings and questioned costs	63-66
Corrective action plan	Appendix A
Summary schedule of prior year audit findings	Appendix B

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INDEPENDENT AUDITOR'S REPORT

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* A Professional Accounting Corporation

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sunset, Louisiana (Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 46 - 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

The Town has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The accompanying judicial system funding schedule and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative statements and judicial system funding schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated December 7, 2023, on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 7, 2023

BASIC FINANCIAL STATEMENTS

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

TOWN OF SUNSET, LOUISIANA

Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 2,163,151	\$ 767,022	\$ 2,930,173
Receivables, net	97,294	118,671	215,965
Internal balances	379,622	(379,622)	-
Due from other governmental units	4,555	2,767,055	2,771,610
Restricted assets:			
Cash and interest-bearing deposits	-	382,046	382,046
Capital assets, net	<u>1,148,376</u>	<u>2,446,276</u>	<u>3,594,652</u>
Total assets	<u>3,792,998</u>	<u>6,101,448</u>	<u>9,894,446</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>200,095</u>	<u>16,529</u>	<u>216,624</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	81,257	283,382	364,639
Customers deposits payable	-	138,894	138,894
Accrued interest payable	-	3,368	3,368
Long-term liabilities:			
Due within one year	28,498	63,560	92,058
Due in more than one year	45,000	3,319,639	3,364,639
Net pension liability	<u>502,396</u>	<u>28,056</u>	<u>530,452</u>
Total liabilities	<u>657,151</u>	<u>3,836,899</u>	<u>4,494,050</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>11,403</u>	<u>193</u>	<u>11,596</u>
NET POSITION			
Net investment in capital assets	1,148,376	1,974,032	3,122,408
Restricted for sales tax dedications	1,010,396	-	1,010,396
Restricted for debt service	1,379	95,884	97,263
Unrestricted	<u>1,164,388</u>	<u>210,969</u>	<u>1,375,357</u>
Total net position	<u>\$ 3,324,539</u>	<u>\$ 2,280,885</u>	<u>\$ 5,605,424</u>

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

TOWN OF SUNSET, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2023

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 821,824	\$ 194,723	\$ -	\$ -	\$ (627,101)	\$ -	\$ (627,101)
Public safety:							
Police	801,518	297,484	-	-	(504,034)	-	(504,034)
Fire	180,775	-	-	-	(180,775)	-	-
Streets	217,063	-	-	-	(217,063)	-	(217,063)
Interest on long-term debt	3,704	-	-	-	(3,704)	-	(3,704)
Total governmental activities	<u>2,024,884</u>	<u>492,207</u>	<u>-</u>	<u>-</u>	<u>(1,532,677)</u>	<u>-</u>	<u>(1,532,677)</u>
Business-type activities:							
Gas	350,182	418,383	-	-	-	68,201	68,201
Water	438,217	476,565	-	19,573	-	57,921	57,921
Sewer	322,708	276,078	-	-	-	(46,630)	(46,630)
Interest on long-term debt	15,309	-	-	-	-	(15,309)	(15,309)
Total business-type activities	<u>1,126,416</u>	<u>1,171,026</u>	<u>-</u>	<u>19,573</u>	<u>-</u>	<u>64,183</u>	<u>64,183</u>
Total	<u>\$ 3,151,300</u>	<u>\$ 1,663,233</u>	<u>\$ -</u>	<u>\$ 19,573</u>	<u>(1,532,677)</u>	<u>64,183</u>	<u>(1,468,494)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					162,936	-	162,936
Sales and use taxes, levied for general purposes					1,256,510	-	1,256,510
Franchise taxes					176,344	-	176,344
Payments in lieu of taxes					17,996	-	17,996
Grants and contributions not restricted to specific programs -							
Federal and state sources					728,199	-	728,199
Non-employer pension contribution					9,476	560	10,036
Interest and investment earnings					404	75	479
Miscellaneous					70,701	-	70,701
Total general revenues and transfers					<u>2,422,566</u>	<u>635</u>	<u>2,423,201</u>
Change in net position					889,889	64,818	954,707
Net position - beginning					<u>2,434,650</u>	<u>2,216,067</u>	<u>4,650,717</u>
Net position - ending					<u>\$ 3,324,539</u>	<u>\$ 2,280,885</u>	<u>\$ 5,605,424</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

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

Special Revenue Fund

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

Sales Tax Fund -

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

Economic Development District -

To account for the receipt and use of proceeds of the Town's 2% sales and use tax. These taxes are deposited into a special trust fund named "Sunset Economic Development District No. 1 Trust Fund: the purpose of which is to fund economic development projects, as defined in LA RS 33:9038.34(M) and LA RS 33:9038.36, located within the District, and also to pay the costs of infrastructure improvements outside the District that benefit property in the District.

Enterprise Fund

Utility Fund -

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

TOWN OF SUNSET, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Economic Development District</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS					
Cash and interest-bearing deposits	\$ 1,353,772	\$ 265,743	\$ 514,636	\$ 29,000	\$ 2,163,151
Receivables:					
Taxes	37,829	-	-	-	37,829
Due from other governmental units	4,555	-	-	-	4,555
Due from other funds	452,228	230,017	-	-	682,245
Other	59,465	-	-	-	59,465
Total assets	<u>\$ 1,907,849</u>	<u>\$ 495,760</u>	<u>\$ 514,636</u>	<u>\$ 29,000</u>	<u>\$ 2,947,245</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 81,257	\$ -	\$ -	\$ -	\$ 81,257
Due to other funds	275,002	-	-	27,621	302,623
Total liabilities	<u>356,259</u>	<u>-</u>	<u>-</u>	<u>27,621</u>	<u>383,880</u>
Fund balances:					
Restricted for sales tax dedications	-	495,760	514,636	-	1,010,396
Restricted for debt service	-	-	-	1,379	1,379
Unassigned	1,551,590	-	-	-	1,551,590
Total fund balances	<u>1,551,590</u>	<u>495,760</u>	<u>514,636</u>	<u>1,379</u>	<u>2,563,365</u>
Total liabilities and fund balances	<u>\$ 1,907,849</u>	<u>\$ 495,760</u>	<u>\$ 514,636</u>	<u>\$ 29,000</u>	<u>\$ 2,947,245</u>

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

TOWN OF SUNSET, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total fund balances for governmental funds at June 30, 2023		\$2,563,365
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 258,190	
Buildings and improvements, net of \$1,075,873 accumulated depreciation	711,549	
Machinery and equipment, net of \$1,037,062 accumulated depreciation	22,679	
Vehicles, net of \$257,808 accumulated depreciation	<u>155,958</u>	1,148,376
Deferred outflows of resources are not available resources, and therefore, are not reported in the funds:		
Pension plans		200,095
Some liabilities are not due and payable from current financial resources and are, therefore, not reported in the funds. These liabilities consist of the following:		
Capital lease payable	(1,157)	
Loans payable	(7,341)	
Revenue bonds payable	(65,000)	
Net pension liability	<u>(502,396)</u>	(575,894)
Deferred inflows of resources are not payable from current expendable resources, and therefore, are not reported in the funds:		
Pension plans		<u>(11,403)</u>
Total net position of governmental activities at June 30, 2023		<u>\$3,324,539</u>

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

TOWN OF SUNSET, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2023

	General	Sales Tax Special Revenue	Economic Development District	Other Governmental	Total
Revenues:					
Taxes	\$ 357,276	\$ 939,025	\$ 317,485	\$ -	\$1,613,786
Licenses and permits	194,723	-	-	-	194,723
Intergovernmental	728,199	-	-	-	728,199
Fines and forfeits	297,484	-	-	-	297,484
Miscellaneous	<u>70,822</u>	<u>283</u>	<u>-</u>	<u>-</u>	<u>71,105</u>
Total revenues	<u>1,648,504</u>	<u>939,308</u>	<u>317,485</u>	<u>-</u>	<u>2,905,297</u>
Expenditures:					
Current -					
General government	745,528	8,166	3,093	5,578	762,365
Public safety -					
Police	772,079	-	-	-	772,079
Fire	173,763	-	-	-	173,763
Streets	215,406	-	-	-	215,406
Debt service -					
Principal	1,016	-	-	19,000	20,016
Interest and fiscal charges	226	-	-	3,478	3,704
Capital outlay	<u>198,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,664</u>
Total expenditures	<u>2,106,682</u>	<u>8,166</u>	<u>3,093</u>	<u>28,056</u>	<u>2,145,997</u>
Excess (deficiency) of revenues over expenditures	(458,178)	931,142	314,392	(28,056)	759,300
Other financing sources (uses):					
Transfers in (out)	<u>972,788</u>	<u>(1,000,842)</u>	<u>-</u>	<u>28,054</u>	<u>-</u>
Net changes in fund balances	514,610	(69,700)	314,392	(2)	759,300
Fund balances, beginning	<u>1,036,980</u>	<u>565,460</u>	<u>200,244</u>	<u>1,381</u>	<u>1,804,065</u>
Fund balances, ending	<u>\$1,551,590</u>	<u>\$ 495,760</u>	<u>\$ 514,636</u>	<u>\$ 1,379</u>	<u>\$2,563,365</u>

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

TOWN OF SUNSET, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2023

Total net changes in fund balances for the year ended June 30, 2023 per the
 statement of revenues, expenditures and changes in fund balances \$ 759,300

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

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

Capital outlay which are considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 198,660	
Depreciation expense for the year ended June 30, 2023	<u>(103,526)</u>	95,134

The issuance of long-term debt provides current financial resources to
 governmental funds, while the repayment of the principal of long-term
 debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position. Also
 governmental funds report the effect of premiums, discounts, and
 similar items when debt is first issued, whereas these amounts are
 amortized in the statement of activities over multiple periods.

Repayment of long-term debt		20,016
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Some long-term liabilities are not recognized at the fund level because
 they do not represent a claim on current financial resources. Expenses
 at the government-wide level are recognized when these liabilities are
 incurred, while expenditures are recognized at the fund level when
 cash payments are made. The amounts below represent the difference
 between the expenses incurred at the government-wide level and the
 current financial resources expended at the fund level.

Net pension liability		<u>15,439</u>
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Total changes in net position for the year ended June 30, 2023 per the
 statement of activities \$ 889,889

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

TOWN OF SUNSET, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2023

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 767,022
Accounts receivable, net	118,671
Due from other governments	<u>2,767,055</u>
Total current assets	<u>3,652,748</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	382,046
Capital assets, net of accumulated depreciation	<u>2,446,276</u>
Total noncurrent assets	<u>2,828,322</u>
Total assets	<u>6,481,070</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>16,529</u>
LIABILITIES	
Current liabilities:	
Accounts payable	30,014
Contracts payable	242,887
Retainage payable	9,781
Accrued liabilities	700
Due to other funds	379,622
Loans payable	30,560
Payable from restricted assets -	
Customer deposits payable	138,894
Bonds payable	33,000
Accrued interest payable	<u>3,368</u>
Total current liabilities	<u>868,826</u>
Noncurrent liabilities:	
Bonds payable	3,314,427
Loans payable	5,212
Net pension liability	<u>28,056</u>
Total noncurrent liabilities	<u>3,347,695</u>
Total liabilities	<u>4,216,521</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>193</u>
NET POSITION	
Net investment in capital assets	1,974,032
Restricted for debt service	95,884
Unrestricted	<u>210,969</u>
Total net position	<u>\$2,280,885</u>

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

TOWN OF SUNSET, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Fund
For the Year Ended June 30, 2023

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 389,544
Water charges	424,633
Sewer service charges	261,276
Miscellaneous	<u>95,573</u>
Total operating revenues	<u>1,171,026</u>
Operating expenses:	
Gas department	350,182
Water department	438,217
Sewer department	<u>322,708</u>
Total operating expenses	<u>1,111,107</u>
Operating income	<u>59,919</u>
Nonoperating revenues (expenses):	
Interest income	75
Non-employer pension contribution	560
Interest expense	<u>(15,309)</u>
Total nonoperating revenues (expenses)	<u>(14,674)</u>
Loss before contributions	45,245
Capital contributions	<u>19,573</u>
Change in net position	<u>64,818</u>
Net position, beginning	<u>2,216,067</u>
Net position, ending	<u><u>\$2,280,885</u></u>

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

TOWN OF SUNSET, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2023

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,165,614
Payments to suppliers	(725,021)
Payments to employees	<u>(245,966)</u>
Net cash provided by operating activities	<u>194,627</u>
Cash flows from noncapital financing activities:	
Cash received by other funds	115,588
Net increase in customer meter deposits	<u>(4,710)</u>
Net cash provided by noncapital financing activities	<u>110,878</u>
Cash flows from capital and related financing activities:	
Proceeds from bonds payable, net	210,372
Principal paid on loans payable	(26,974)
Interest paid on bonds and notes	(11,941)
Proceeds from grants	19,573
Net acquisition of property, plant and equipment	<u>(290,443)</u>
Net cash used in capital and related financing activities	<u>(99,413)</u>
Cash flows from investing activities:	
Interest earned	<u>75</u>
Net increase in cash and cash equivalents	206,167
Cash and cash equivalents, beginning of period	<u>915,423</u>
Cash and cash equivalents, end of period	<u>\$ 1,121,590</u>

(continued)

TOWN OF SUNSET, LOUISIANA

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2023

	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 59,919
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	143,447
Pension expense	(5,292)
Changes in current assets and liabilities:	
Increase in accounts receivable	(5,412)
Increase in accounts payable	1,865
Decrease in accrued liabilities	100
Net cash provided by operating activities	<u>\$ 194,627</u>
Reconciliation of cash and cash equivalents per the statement of cash flows to the statement of net position:	
Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits - unrestricted	\$ 627,496
Cash and interest-bearing deposits - restricted	315,405
Less: interest-bearing deposits with maturity in excess of 90 days	<u>(27,478)</u>
Total cash and cash equivalents	<u>915,423</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	767,022
Cash and interest-bearing deposits - restricted	382,046
Less: interest-bearing deposits with maturity in excess of 90 days	<u>(27,478)</u>
Total cash and cash equivalents	<u>1,121,590</u>
Net increase in cash and cash equivalents	<u>\$ 206,167</u>

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government. The Town has no fiduciary funds.

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

Fund Financial Statements

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

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Governmental Funds -

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

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

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

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

The Economic Development District Special Revenue Fund is used to account for the proceeds of a two percent sales and use tax that is legally restricted to expenditures for specific purposes.

Debt Service Funds

Debt Service Funds are used to account for and report resources that are restricted, committed, or assigned to expenditures for principal and interest. The Town has no major debt service funds.

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

Proprietary Funds –

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Enterprise Funds

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund is the Utility Fund.

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

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

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

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

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

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

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

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

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the Town. Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Town may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes and franchise taxes. Business-type activities report customers' utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for customers' utility receivables was \$22,085 at June 30, 2023. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Interfund receivables and payables

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

Restricted Assets

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

Capital Assets

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

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

Long-term debt

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

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

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

Pensions

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, and contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. At June 30, 2023, the Town reported \$1,107,659 of restricted net position, \$1,010,396 of which was restricted by enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

E. Revenues, Expenditures, and Expenses

Revenues

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

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

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

Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Interfund Transfers

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

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 3
Gas, water, and sewer revenue	Utility operations

G. Compensated Absences

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

H. Use of Estimates

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2023, taxes of 5.74 mills were levied on property with assessed valuations totaling \$28,923,190 and were dedicated for general corporate purposes. Total taxes levied were \$166,019. Taxes receivable at June 30, 2023 of \$5,135 is reported net of an allowance for uncollectible accounts totaling \$2,568.

(3) Sales and Use Tax

Proceeds of the two 1% sales and use taxes (accounted for in the Sales Tax Fund – a special revenue fund) levied by the Town (2023 collections \$939,025) are dedicated for the following purposes in the following order: Constructing and purchasing municipal, fire and police department facilities, furnishing and equipment; opening, construction, and improving drains, drainage canals, and subsurface drainage; constructing, acquiring, or improving any work of public permanent improvements, and purchasing and acquiring all equipment and furnishings for public works, buildings, improvements, and facilities of the Town.

Proceeds of the 2% sales and use taxes (accounted for in the Sunset Economic Development District Fund – a special revenue fund) levied by the Town (2023 collections \$314,392) are dedicated for specific purposes. These taxes are deposited into a special trust fund named the “Sunset Economic Development District No. 1 Trust Fund” the purpose of which is to fund economic development projects, as defined in LA RS 33:9038.34(M) and LA RS 33:9038.36, located within the District, and also to pay the costs of infrastructure improvements outside the District that benefit property in the District.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Cash, Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2023, the Town had cash and interest-bearing deposits (book balances) totaling \$3,312,219 as follows

Non interest-bearing deposits	\$ 1,689,883
Interest-bearing deposits	1,586,792
Time deposits	<u>35,544</u>
Total	<u>\$ 3,312,219</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2023, are secured as follows:

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

Deposits in the amount of \$1,103,068 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. The Town does not have a policy for custodial credit risk.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Receivables

Receivables at June 30, 2023 consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ -	\$ 92,187	\$ 92,187
Unbilled utility	-	26,484	26,484
Ad valorem taxes	2,567	-	2,567
Franchise taxes	35,262	-	35,262
Other	<u>59,465</u>	<u>-</u>	<u>59,465</u>
Totals	<u>\$ 97,294</u>	<u>\$ 118,671</u>	<u>\$ 215,965</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2023 consist of the following:

Governmental Activities:

State of Louisiana - beer tax revenues receivable	\$ 1,277
State of Louisiana - racino revenue receivable	3,278

Business-type Activities:

State of Louisiana - Department of Health and Hospitals	<u>2,767,055</u>
Total	<u>\$2,771,610</u>

(7) Restricted Assets

Restricted assets at June 30, 2023 consist of the following:

Customers' deposits	\$ 138,966
Bond sinking fund	58,681
Bond reserve fund	40,571
Depreciation and contingency fund	<u>143,828</u>
Total restricted assets	<u>\$ 382,046</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 258,190	\$ -	\$ -	\$ 258,190
Other capital assets:				
Buildings and improvements	1,697,851	89,571	-	1,787,422
Machinery and equipment	1,040,436	19,305	-	1,059,741
Vehicles	323,982	89,784	-	413,766
Totals	<u>3,320,459</u>	<u>198,660</u>	<u>-</u>	<u>3,519,119</u>
Less accumulated depreciation				
Buildings and improvements	1,010,020	65,853	-	1,075,873
Machinery and equipment	1,027,658	9,404	-	1,037,062
Vehicles	229,539	28,269	-	257,808
Total accumulated depreciation	<u>2,267,217</u>	<u>103,526</u>	<u>-</u>	<u>2,370,743</u>
Governmental activities, capital assets, net	<u>\$1,053,242</u>	<u>\$ 95,134</u>	<u>\$ -</u>	<u>\$1,148,376</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 61,124
Police	32,012
Fire	7,012
Streets	3,378
Total depreciation expense	<u>\$103,526</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 135,265	\$ -	\$ -	\$ 135,265
Other capital assets:				
Utility system and extensions	7,644,839	101,554	-	7,746,393
Machinery and equipment	146,734	-	-	146,734
Vehicles	36,589	-	-	36,589
Totals	<u>7,963,427</u>	<u>543,111</u>	<u>-</u>	<u>8,506,538</u>
Less accumulated depreciation				
Utility system and extensions	5,825,496	132,939	-	5,958,435
Machinery and equipment	58,230	8,508	-	66,738
Vehicles	33,089	2,000	-	35,089
Total accumulated depreciation	<u>5,916,815</u>	<u>143,447</u>	<u>-</u>	<u>6,060,262</u>
Business-type activities, capital assets, net	<u>\$2,046,612</u>	<u>\$ 399,664</u>	<u>\$ -</u>	<u>\$2,446,276</u>

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

Gas system	\$ 4,815
Water system	84,361
Sewer system	54,271
Total depreciation expense	<u>\$143,447</u>

(9) Accounts and Other Payables

The accounts and other payables at June 30, 2023 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts and other payables	\$ 61,577	\$ 30,014	\$ 91,591
Contracts payable	-	242,887	242,887
Retainage payable	-	9,781	9,781
Accrued salaries and benefits	19,680	700	20,380
Totals	<u>\$ 81,257</u>	<u>\$283,382</u>	<u>\$ 364,639</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the Town for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount due in one year</u>
Long-term debt:					
Direct placements:					
Revenue bonds	\$ 454,000	\$3,016,000	\$ 57,573	\$3,412,427	\$ 53,000
Direct borrowings:					
Loans payable	<u>72,260</u>	<u>-</u>	<u>27,990</u>	<u>44,270</u>	<u>39,058</u>
	<u>\$ 526,260</u>	<u>\$3,016,000</u>	<u>\$ 85,563</u>	<u>\$3,456,697</u>	<u>\$ 92,058</u>

Revenue bonds are associated with governmental activities and business-type activities and are liquidated by the General Fund and Utility Fund. Loans payable are associated with governmental activities and are liquidated by the General Fund.

Long-term liabilities payable at June 30, 2023 are comprised of the following individual issues:

	<u>Total</u>	<u>Current Portion</u>
Governmental Activities:		
Revenue Bonds Payable -		
\$250,000 Excess Revenue Bonds, Series 2010 due in annual installments ranging from \$14,000 to \$23,000 through November 1, 2025; interest at 3.5% to 4.85%; secured by a pledge of and payable solely from the proceeds of sales tax revenues.	\$ 65,000	\$20,000
Loans Payable -		
\$34,156 loan payable to the St. Landry Parish School Board, due in annual installments of principal and interest (imputed at 3.5%) of \$7,600, maturing July 1, 2023, secured by land having a carrying value of \$34,156.	7,341	7,341
\$4,387 equipment loan dated June 25, 2019; interest at 13.16%	<u>1,157</u>	<u>1,157</u>
Total bonds and loans payable applicable to governmental activities	<u>\$ 73,498</u>	<u>\$28,498</u>

continued

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Business-Type Activities:

Utility Revenue Bonds Payable -

\$440,000 Taxable Utility Revenue Bonds, Series 2017 due in annual installments ranging from \$17,000 to \$27,000 through October 1, 2037; interest at 1.95%; secured by excess utility revenues.	\$ 351,000	\$20,000
\$88,796 equipment loan dated July 8, 2021; interest at 3.95%	35,772	30,560
\$2,237,000 Taxable Utility Revenue Bonds, Series 2022 A due in annual installments ranging from \$56,000 to \$110,000 through October 1, 2051; interest at 1.95%; for the purpose of constructing and acquiring improvements, extensions, and replacement to the waterworks system of the Town. The bonds were sold to the Louisiana Department of Health and Hospitals, Drinking Water Revolving Loan Fund.	2,327,000	4,500
\$689,000 Taxable Utility Revenue Bonds, Series 2022 B due in annual installments ranging from \$19,000 to \$30,000 through October 1, 2042; interest at 1.95%; for the purpose of constructing and acquiring improvements, extensions, and replacement to the waterworks system of the Town. The bonds were sold to the Louisiana Department of Health and Hospitals, Drinking Water Revolving Loan Fund. Thirty percent (30%) of the Town's obligation to repay the principal of the bonds will be forgiven simultaneously with the payment by the Department of each installment of the purchase price of the bonds. At the time of the debt forgiveness, these amounts are recognized as grant revenue.	<u>669,427</u>	<u>8,500</u>
Total bonds payable applicable to business-type activities	<u>\$3,383,199</u>	<u>\$63,560</u>

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

Year Ended June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 28,498	\$ 2,950	\$ 63,560	\$ 9,424	\$ 92,058	\$ 12,374
2025	22,000	1,633	102,212	60,541	124,212	62,174
2026	23,000	558	99,000	58,504	122,000	59,062
2027	-	-	101,000	56,451	101,000	56,451
2028	-	-	105,000	54,338	105,000	54,338
2029-2033	-	-	503,600	237,919	503,600	237,919
2034-2038	-	-	636,000	176,624	636,000	176,624
2039-2043	-	-	759,927	125,414	759,927	125,414
2044-2048	-	-	477,000	65,140	477,000	65,140
2049-2052	-	-	535,900	61,581	535,900	61,581
Total	<u>\$ 73,498</u>	<u>\$ 5,141</u>	<u>\$ 3,383,199</u>	<u>\$905,933</u>	<u>\$ 3,456,697</u>	<u>\$911,074</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Flow of Funds; Restrictions on Use

Governmental activities: Sales Tax Revenue Bonds –

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

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

During the year ended June 30, 2023, the monthly sinking fund transfers were made as required by the agreement.

Business-Type Activities: Utility Revenue Bonds -

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

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

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

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

During the year ended June 30, 2023, the monthly sinking, reserve, and depreciation and contingency fund transfers were made as required by the agreement.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Pension Plans

The Town participates in two cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all Town employees participate in one of the following retirement systems:

Plan Descriptions

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

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

The system’s financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

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

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

¹ With actuarial reduced benefits

² Membership commencing January 1, 2013

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

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Contributions

Article X, Section 29 (E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee. In addition, MERS receives a percentage of ad valorem taxes collected parishes, and MPERS receives a percentage of insurance premium tax monies as additional employer contributions. These entities are not participating employers in the pension systems and are considered to be nonemployer contributing entities. Contributions of employers, and nonemployer contributing entities effective for the year ended June 30, 2023 for the defined benefit pension plans in which the Town is a participating employer were as follows:

Plan	Active Member Contribution Percentage	Employer Contribution Percentage	Amount From Nonemployer Contributing Entities	Amount of Government Contributions
MERS	10.00%	29.50%	\$ 5,599	\$ 30,163
MPERS	10.00%	31.25%	\$ 4,437	\$ 37,853

Net Pension Liability

The Town’s net pension liability at June 30, 2023 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the Town is a participating employer. The Town’s net pension liability for each plan was measured as of the plans’ measurement date (June 30, 2022 for all plans) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportionate share of the net pension liability for each of the plans in which it participates was based on the Town’s required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the Town’s proportion for each plan and the change in proportion from the prior measurement date were as follows:

Plan	Proportionate Share of Net Pension Liability	Proportionate Share (%) of Net Pension Liability	Increase/(Decrease) from Prior Measurement Date
MERS	\$ 326,548	0.078625%	0.012917%
MPERS	203,904	0.019948%	0.002000%
Total	\$ 530,452		

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Since the measurement date of the net pension liability was June 30, 2022, the net pension liability is based upon fiduciary net position for each of the plans as of that date. Detailed information about each pension plan’s assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town’s net pension liability is available in the separately issued plan financial reports for that fiscal year. The financial report for each plan may be accessed on their website as follows:

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

Actuarial Assumptions

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

	MERS	MPERS
Date of experience study on which significant assumptions are based	7/1/2013 - 6/30/2018	7/1/2014 - 6/30/2019
Expected remaining service lives	3	4
Inflation Rate	2.500%	2.50%
Investment rate of return	6.85%	6.75%
Projected salary increases	4.5% - 6.4%	4.70% -12.30%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(4), (5)

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Cost of Living Adjustments

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

Discount Rate

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

	<u>MERS</u>	<u>MPERS</u>
Discount rate	6.85%	6.75%
Change in discount rate from prior valuation	0.000%	0.000%
Plan cash flow assumptions	(1)	(1)
Rates incorporated in the Discount Rate:		
Long-term Rate of Return	6.95%	8.06%
Periods applied	All	All
Municipal Bond Rate	N/A	N/A

*Plan Cash Flow Assumptions:

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

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Asset Class	MERS*		MPERS*	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	38%	1.65%	55.5%	0.85%
Equities	53%	2.31%	30.5%	3.60%
Alternative Investments	9%	0.39%	14.0%	0.95%
Totals	<u>100%</u>	<u>4.35%</u>	<u>100%</u>	<u>5.40%</u>
Inflation		<u>2.60%</u>		<u>2.66%</u>
Expected Nominal Return		<u>6.95%</u>		<u>8.06%</u>

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2023, the Town recognized \$56,764 in pension expense (benefit) related to all defined benefit plans in which it participates. MERS and MPERS recognized revenues in the amount of \$10,036 in ad valorem taxes and insurance premium tax monies collected from nonemployer contributing entities.

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 1,392	\$ 2,913
Changes of assumptions	10,198	1,517
Net difference between projected and actual earnings on pension plan investments	90,738	-
Change in proportion and differences between employer contributions and proportionate share of contributions	46,280	7,166
Employer contributions subsequent to the measurement date	<u>68,016</u>	<u>-</u>
Total	<u>\$ 216,624</u>	<u>\$ 11,596</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$68,016 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended June 30	Net Amount Recognized in Pension Expense
2023	\$ 44,935
2024	36,021
2025	10,904
2026	45,152
	<u>\$ 137,012</u>

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

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

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	6.85%	\$ 434,373	\$ 326,548	\$ 235,440
MPERS	6.75%	<u>285,427</u>	<u>203,904</u>	<u>135,806</u>
Total		<u>\$ 719,800</u>	<u>\$ 530,452</u>	<u>\$ 371,246</u>

Payables to Pension Plans

At June 30, 2023, the Town reported payables of \$8,851 for the outstanding amount of contributions due to the retirement systems for the year.

(13) Risk Management

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

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Litigation and Claims

At June 30, 2023, the Town was involved in certain lawsuits arising from the normal course of operations, which have been referred to its insurance provider. In the opinion of the Town's legal counsel, the Town has no liability in excess of insurance coverage.

(15) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen and firemen \$25,800 of supplemental pay during the year ended June 30, 2023. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

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

A detail of compensation, benefits, and other payments paid to Mayor Charles James for the year ended June 30, 2023 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 11,200
Reimbursements	<u>1,091</u>
Total	<u>\$ 12,291</u>

(17) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2023 follows:

Charles James, Mayor	\$ 11,200
Aldermen:	
Bernice Smith	\$ 7,500
Mark Pitre	6,200
Joseph Darrell Burleigh	3,200
Robert L. Carmouche	6,200
Jarrod Shaw	<u>6,200</u>
	<u>\$40,500</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(18) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2023:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major funds:		
Governmental funds:		
General Fund	\$ 452,228	\$ 275,002
Sales Tax Special Revenue Fund	230,017	-
Proprietary fund:		
Utility Fund	-	379,622
Nonmajor funds:		
Governmental funds:		
Debt Service Fund	-	<u>27,621</u>
Total	<u>\$ 682,245</u>	<u>\$ 682,245</u>

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

B. Transfers consisted of the following at June 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
Governmental funds:		
General Fund	\$ 972,788	\$ -
Sales Tax Special Revenue Fund	-	1,000,842
Nonmajor funds:		
Governmental funds:		
Debt Service Fund	<u>28,054</u>	<u>-</u>
Total	<u>\$1,000,842</u>	<u>\$1,000,842</u>

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 327,080	\$ 335,034	\$ 357,276	\$ 22,242
Licenses and permits	235,500	186,793	194,723	7,930
Intergovernmental	83,265	667,598	728,199	60,601
Fines and forfeits	380,000	304,373	297,484	(6,889)
Miscellaneous	43,050	104,528	70,822	(33,706)
Total revenues	<u>1,068,895</u>	<u>1,598,326</u>	<u>1,648,504</u>	<u>50,178</u>
Expenditures:				
General government	620,696	614,744	745,528	(130,784)
Public safety -				
Police	672,731	743,621	772,079	(28,458)
Fire	159,766	170,161	173,763	(3,602)
Streets	197,140	147,980	215,406	(67,426)
Debt service	22,475	22,478	1,242	21,236
Capital outlay	100,000	198,660	198,664	(4)
Total expenditures	<u>1,772,808</u>	<u>1,897,644</u>	<u>2,106,682</u>	<u>(209,038)</u>
Deficiency of revenues over expenditures	<u>(703,913)</u>	<u>(299,318)</u>	<u>(458,178)</u>	<u>(158,860)</u>
Other financing sources:				
Transfers in	<u>725,000</u>	<u>992,788</u>	<u>972,788</u>	<u>(20,000)</u>
Net change in fund balance	21,087	693,470	514,610	(178,860)
Fund balance, beginning	<u>1,036,980</u>	<u>1,036,980</u>	<u>1,036,980</u>	<u>-</u>
Fund balance, ending	<u>\$1,058,067</u>	<u>\$1,730,450</u>	<u>\$1,551,590</u>	<u>\$(178,860)</u>

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 758,947	\$ 880,858	\$ 939,025	\$ 58,167
Miscellaneous - interest and other	<u>300</u>	<u>284</u>	<u>283</u>	<u>(1)</u>
Total revenues	<u>759,247</u>	<u>881,142</u>	<u>939,308</u>	<u>58,166</u>
Expenditures:				
General government -				
Collection fees	8,744	15,068	6,660	8,408
Professional fees	3,150	2,212	1,446	766
Office expense	<u>75</u>	<u>60</u>	<u>60</u>	<u>-</u>
Total expenditures	<u>11,969</u>	<u>17,340</u>	<u>8,166</u>	<u>9,174</u>
Excess of revenues over expenditures	747,278	863,802	931,142	67,340
Other financing uses:				
Transfers out	<u>(747,550)</u>	<u>(994,938)</u>	<u>(1,000,842)</u>	<u>(5,904)</u>
Net change in fund balance	(272)	(131,136)	(69,700)	61,436
Fund balance, beginning	<u>565,460</u>	<u>565,460</u>	<u>565,460</u>	<u>-</u>
Fund balance, ending	<u>\$ 565,188</u>	<u>\$ 434,324</u>	<u>\$ 495,760</u>	<u>\$ 61,436</u>

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA
Economic Development District Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 252,983	\$ 293,620	\$ 317,485	\$ 23,865
Expenditures:				
General government -				
Collection fees	<u>2,756</u>	<u>5,023</u>	<u>3,093</u>	<u>1,930</u>
Net change in fund balance	250,227	288,597	314,392	25,795
Fund balance, beginning	<u>200,244</u>	<u>200,244</u>	<u>200,244</u>	-
Fund balance, ending	<u>\$ 450,471</u>	<u>\$ 488,841</u>	<u>\$ 514,636</u>	<u>\$ 25,795</u>

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2023

Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana - Plan A:					
2023	\$ 326,548	0.078625%	\$ 155,896	209.47%	67.87%
2022	182,768	0.065708%	130,109	140.47%	77.82%
2021	274,424	0.063432%	121,446	225.96%	64.52%
2020	415,296	0.099390%	183,981	225.73%	64.68%
2019	512,405	0.123749%	227,885	224.85%	63.94%
2018	525,325	0.125573%	228,047	230.36%	62.49%
2017	540,435	0.131855%	235,886	229.11%	62.11%
2016	438,193	0.122669%	209,368	209.29%	66.18%
2015	317,185	0.123589%	185,377	171.10%	73.99%
Municipal Police Employees' Retirement System of Louisiana:					
2023	\$ 203,904	0.019948%	\$ 56,408	361.48%	70.80%
2022	95,673	0.017948%	57,036	167.74%	84.09%
2021	177,425	0.019197%	59,401	298.69%	70.94%
2020	167,412	0.184340%	57,570	290.80%	71.01%
2019	164,922	0.019508%	57,570	286.47%	71.89%
2018	161,888	0.018543%	57,570	281.20%	70.08%
2017	164,999	0.017604%	49,311	334.61%	66.04%
2016	144,419	0.018435%	49,311	292.87%	70.73%
2015	118,509	0.018943%	48,937	242.17%	75.10%

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

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

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA

Schedule of Employer Pension Contributions
For the Year Ended June 30, 2023

<u>Year Ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Municipal Employees' Retirement System of Louisiana - Plan A:					
2023	\$ 30,163	\$ 30,163	-	\$ 102,251	29.50%
2022	45,990	45,990	-	155,896	29.50%
2021	38,383	38,383	-	130,109	29.50%
2020	33,645	33,645	-	121,446	27.70%
2019	47,835	47,835	-	183,981	26.00%
2018	56,402	56,402	-	227,885	24.75%
2017	51,881	51,881	-	228,047	22.75%
2016	46,589	46,589	-	235,886	19.75%
2015	41,350	41,350	-	209,368	19.75%
Municipal Police Employees' Retirement System of Louisiana:					
2023	\$ 37,853	\$ 37,853	-	\$ 121,134	31.25%
2022	16,781	16,781	-	56,408	29.75%
2021	19,250	19,250	-	57,036	33.75%
2020	19,305	19,305	-	59,401	32.50%
2019	18,566	18,566	-	57,570	32.25%
2018	17,703	17,703	-	57,570	30.75%
2017	18,279	18,279	-	57,570	31.75%
2016	14,547	14,547	-	49,311	29.50%
2015	15,533	15,533	-	49,311	31.50%

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

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. The Town Clerk submits, no later than 15 days prior to the beginning of each fiscal year, to the Mayor and Board of Aldermen, a proposed operating budget.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

(2) Excess of Expenditures Over Appropriations

The General Fund incurred expenditures in excess of appropriations totaling \$209,038 for the year ended June 30, 2023.

TOWN OF SUNSET, LOUISIANA

Notes to Required Supplementary Information

(3) Pension Plans

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

Changes of assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

Amounts reported in fiscal year ended June 30, 2023 for the various pension plans reflect the following changes used to measure the total pension liability:

*	Discount	Investment	Inflation	Expected	Projected
Year ended	Rate	Rate	Rate	Remaining	Salary
June 30,	Rate	of Return	Rate	Service Lives	Increase
Municipal Employees' Retirement System of Louisiana - Plan A:					
2023	6.85%	6.85%	2.50%	3	4.5-6.4%
2022	6.85%	6.85%	2.50%	3	4.5-6.4%
2021	6.95%	6.95%	2.50%	3	4.5-6.4%
2020	7.00%	7.00%	2.50%	3	4.5-6.4%
2019	7.275%	7.275%	2.60%	3	5.00%
2018	7.40%	7.40%	2.775%	4	5.00%
2017	7.50%	7.50%	2.875%	4	5.00%
2016	7.50%	7.50%	2.875%	4	5.00%
2015	7.75%	7.75%	3.00%	4	5.75%
Municipal Police Employees' Retirement System of Louisiana:					
2023	6.75%	6.75%	2.50%	4	4.70-12.30%
2022	6.75%	6.75%	2.50%	4	4.70-12.30%
2021	6.95%	6.95%	2.50%	4	4.70-12.30%
2020	7.125%	7.125%	2.50%	4	4.25-9.75%
2019	7.20%	7.20%	2.60%	4	4.25-9.75%
2018	7.325%	7.325%	2.70%	4	4.25-9.75%
2017	7.50%	7.50%	2.875%	4	4.25-9.75%
2016	7.50%	7.50%	2.875%	4	4.25-9.75%
2015	7.50%	7.50%	3.00%	4	4.0-10.0%

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SUNSET, LOUISIANA
Sunset, Louisiana

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

Entity Name: Town of Sunset, Louisiana
LLA Entity ID#: 2323
Date that reporting period ended: 6/30/2023

	First Six Month Period Ended <u>12/31/2022</u>	Second Six Month Period Ended <u>6/30/2023</u>
Cash Basis Presentation		
Beginning balance of amounts collected	<u>\$ 60,797</u>	<u>\$ 25,590</u>
Add: Collections		
Bond fees	480	600
Criminal fines - other	<u>158,440</u>	<u>138,372</u>
Subtotal Collections	<u>158,920</u>	<u>138,972</u>
Less Disbursements to Governments & Nonprofits		
Louisiana Association of Chiefs of Police/Cost	2,522	1,200
St. Landry Crime Stoppers, Inc./Cost	-	7,156
CMIS/Cost	3,774	1,323
Louisiana Supreme Court/Cost	630	300
Louisiana Commission on Law Enforcement/Fees and cost	2,476	1,176
Louisiana Department of Health Traumatic Head & Spinal Cord Injury Trust/Cost	4,010	2,170
Acadiana Criminalistics Laboratory Commission/Cost	22,400	16,340
Less Amounts Retained by Collecting Agency		
Amount "self-disbursed" to collecting agency		
Criminal fines/costs - other	158,315	134,897
Less Disbursements to Individuals/3rd party collection or processing agencies:		
Bond fee refunds	<u>-</u>	<u>-</u>
Subtotal Disbursements/Retainage	<u>194,127</u>	<u>164,562</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u><u>\$ 25,590</u></u>	<u><u>\$ -</u></u>

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

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sunset, Louisiana (Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 7, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-004.

Town of Sunset, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 7, 2023

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Sunset, Louisiana's (Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2023. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 7, 2023

TOWN OF SUNSET, LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program Name	Assistance Listing Number	Expenditures
<u>U.S. Environmental Protection Agency</u>		
Passed-through State of Louisiana Department of Health and Hospitals: Drinking Water State Revolving Fund Cluster - Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 441,557
<u>U.S. Department of Treasury</u>		
Passed-through State of Louisiana Division of Administration Coronavirus State and Local Fiscal Recovery Funds - COVID-19 *	21.027	<u>529,936</u>
TOTAL FEDERAL EXPENDITURES		<u>\$ 971,493</u>

* Indicates major program

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

(1) Basis of Accounting

The accompanying schedule of expenditures of federal awards (the schedule) presents the activity of all federal financial assistance programs of the Town of Sunset, Louisiana (the Town). The Town's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

(2) Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town of Sunset, Louisiana has not elected to use the 10 percent *de minimus* indirect cost rate as allowed under the Uniform Guidance.

(3) Subrecipients

The Town provided no federal awards to subrecipients.

(4) Loan Balance

Loan balance outstanding at June 30, 2023 under the Capitalization Grants for Drinking Water State Revolving Funds (66.468) was \$2,996,427.

TOWN OF SUNSET, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Part I. Summary of Auditor's Results

Financial Statements

1. Type of auditor's opinion issued on financial statements:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Unmodified
Major funds:	
General	Unmodified
Sales Tax Fund	Unmodified
Economic Development District	Unmodified
Utility Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	<u> x </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> no

3. Noncompliance material to the financial statements?

<u> x </u> yes	<u> </u> no
------------------	------------------

Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> no

5. Major programs and type of auditor's report issued:

<u>CFDA Number</u>	<u>Federal Agency and Name of Major Program</u>	<u>Type of Opinion</u>
21.027	<u>U.S. Department of Treasury</u> Coronavirus State and Local Fiscal Recovery Funds - COVID-19	Unmodified

6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)?

<u> </u> yes	<u> x </u> no
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7. Threshold for distinguishing type A and B programs?

\$ 750,000

8. Qualified as a low-risk auditee?

<u> </u> yes	<u> x </u> no
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Other

9. Management letter issued?

<u> </u> yes	<u> x </u> no
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TOWN OF SUNSET, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

Part II. Findings reported in accordance with Government Auditing Standards

A. Internal Control over Financial Reporting –

2023-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2016

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

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

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

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

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

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

2023-002 Reconciliation of Accounts

Fiscal year finding initially occurred: 2016

CRITERIA: The Town should have a control policy according to which all balance sheet accounts are reconciled to supporting schedules and subsidiary ledgers on a monthly basis. Not reconciling detailed subsidiary ledgers and statements to the balances in the general ledger on a monthly basis is a fraud risk factor.

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

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

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

TOWN OF SUNSET, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

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

MANAGEMENT'S CORRECTION ACTION PLAN: Management will establish procedures to reconcile all balance sheet accounts.

2023-003 Written Policies and Procedures

Fiscal year finding initially occurred: 2022

CRITERIA: Formal written policies and procedures are necessary as a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and ensure the procedures followed meet management's expectations. Written procedures aid in the continuity of operation and for cross-training staff.

CONDITION: The Town does not have written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

CAUSE: The cause of the condition is the fact that the Town has not properly documented its policies and procedures.

EFFECT: Failure to adopt formal written policies and procedures increases the risk that improper use of Town assets or violations of policy may occur and not be identified.

RECOMMENDATION: Management should adopt formal written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will review policies and procedures and will properly document procedures in place for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

B. Compliance –

2023-004 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2023

CRITERIA: LSA-RS 39:1311(A)(1)&(2) states that when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted amounts by five percent or more, the budget must be amended.

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1311(A)(1)&(2) with respect to the General Fund. Total expenditures exceeded budgeted expenditures in the General Fund by 11% or \$209,038.

TOWN OF SUNSET, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

CAUSE: The Town failed to properly monitor expenditures in the General Fund.

EFFECT: The Town may not prevent and/or detect compliance violations due to revenue shortfalls or over expenditures of the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to ensure compliance with state statutes.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will monitor financial activity and make budget amendments in accordance with LSA-RS 39:1311(A)(1)&(2).

C. Management Letter –

No findings reported under this section.

Part III. Findings and questioned costs for Federal Awards defined in the Uniform Guidance

No findings reported under this section.

CORRECTIVE ACTION PLAN

APPENDIX A

TOWN OF SUNSET

OFFICIALS
CHARLES A. JAMES
Mayor
LUIS PADILLA
Chief of Police
TANYA AMOS
Town Clerk

211 Marie Street
Sunset, Louisiana 70584
(337) 662 5296
Facsimile: (337) 662 5763

ALDERMEN
DARRELL BURLEIGH
BERNICE SMITH
JARROD SHAW
MARK PITRE
ROBERT CARMOUCHE

CORRECTIVE ACTION PLAN

U.S. Department of Treasury

The Town of Sunset, Louisiana respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:
Kolder, Slaven, & Company, LLC
434 East Main Street
Ville Platte, LA 70586

Audit period: June 30, 2023

The findings from the June 30, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2023-001

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

Action Taken: Management has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

MATERIAL WEAKNESS

2023-002

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

Action Taken: Management will establish procedures to reconcile all balance sheet accounts.



MATERIAL WEAKNESS

2023-003

Recommendation: Management should adopt formal written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

Action Taken: Management will review policies and procedures and will properly document procedures in place for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

COMPLIANCE

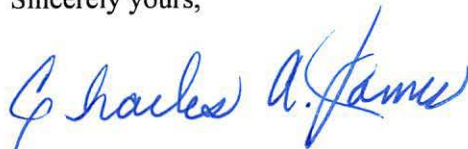
2023-004

Recommendation: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to ensure compliance with state statutes.

Action Taken: The Town will monitor financial activity and make budget amendments in accordance with LSA-RS 39:1311(A)(1)&(2).

If the U.S. Department of Treasury has questions regarding this plan, please call Charles James, Mayor, at 337-662-5296.

Sincerely yours,



Charles James, Mayor
Town of Sunset, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

APPENDIX B

OFFICIALS
CHARLES A. JAMES
Mayor
LUIS PADILLA
Chief of Police
TANYA AMOS
Town Clerk

TOWN OF SUNSET

211 Marie Street
Sunset, Louisiana 70584
(337) 662 5296
Facsimile: (337) 662 5763

ALDERMEN
DARRELL BURLEIGH
BERNICE SMITH
JARROD SHAW
MARK PITRE
ROBERT CARMOUCHE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Part I. Findings reported in accordance with *Governmental Auditing Standards*:

Internal Control –

2022-001 Inadequate Segregation of Accounting Functions

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

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

CURRENT STATUS: Unresolved. See item 2023-001.

2022-002 Reconciliation of Accounts

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

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

CURRENT STATUS: Unresolved. See item 2023-002.

2022-003 Written Policies and Procedures

CONDITION: The Town does not have written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

RECOMMENDATION: Management should adopt formal written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

CURRENT STATUS: Unresolved. See item 2023-003.



Compliance Findings –

2022-004 Untimely Reporting of Theft

CONDITION: During the year, a Town vehicle was stolen and subsequently totaled during a high-speed chase with law enforcement. Although a police report was filed and the perpetrator was apprehended, the Town failed to notify, in writing, the legislative auditor and the district attorney of the theft.

RECOMMENDATION: Management should immediately notify, in writing, the Legislative Auditor and the District Attorney when theft or misappropriation is identified.

CURRENT STATUS: Resolved.

2022-005 Delinquent Fees Assessed by Retirement System

CONDITION: During the year, the Town paid \$330 in delinquent fees and interest to the Municipal Employees' Retirement System of Louisiana for the late submission of monthly reports and contributions for the period August 2021 through December 2021.

RECOMMENDATION: It is recommended that the Town submit reports and retirement contributions to the Municipal Employees' Retirement System monthly by the prescribed date.

CURRENT STATUS: Resolved.

2022-006 Delinquent Filing and Payment of Sales Tax

CONDITION: During the year, the Town was assessed penalties and interest totaling \$1,163 for the delinquent filing and payment of sales taxes.

RECOMMENDATION: It is recommended that the Town submit reports and sales tax collections to the Louisiana Department of Revenue monthly by the prescribed due date.

CURRENT STATUS: Resolved.

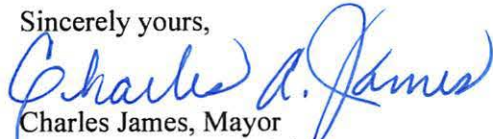
2022-007 Delinquent Filing and Payment of State Withholding Taxes

CONDITION: During the year, the Town was assessed penalties and interest totaling \$7,894 for the delinquent filing and payment of FY 2022 state withholding taxes.

RECOMMENDATION: It is recommended that the Town submit reports and state withholding taxes to the Louisiana Department of Revenue by the prescribed date.

CURRENT STATUS: Resolved.

Sincerely yours,


Charles James, Mayor
Town of Sunset, Louisiana

TOWN OF SUNSET, LOUISIANA
Statewide Agreed-Upon Procedures Report
Year Ended June 30, 2023

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

C. Burton Kolder, CPA*
Of Counsel

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA – retired 2022

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.
Ville Platte, LA 70586 Baton Rouge, LA 70816
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KSRCPAS.COM

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Alderman of the
Town of Sunset
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Town of Sunset's management is responsible for those C/C areas identified in the SAUPs.

The Town of Sunset has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories, if applicable, to public funds and the entity's operations:

- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Management was unable to provide written policies and procedures that address the functions noted above.

- ii. ***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.

Management was unable to provide written policies and procedures that address the functions noted above.

- iii. ***Disbursements***, including processing, reviewing, and approving.

Management was unable to provide written policies and procedures that address the functions noted above.

- iv. **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).

Management was unable to provide written policies and procedures that address the functions noted above.

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Management was unable to provide written policies and procedures that address the functions noted above.

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

Management was unable to provide written policies and procedures that address the functions noted above.

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

Management was unable to provide written policies and procedures that address the functions noted above.

- viii. **Credit Cards (and debit cards, fuel cards, purchase 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).

Management was unable to provide written policies and procedures that address the functions noted above.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Management was unable to provide written policies and procedures that address the functions noted above.

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

Management was unable to provide written policies and procedures that address the functions noted above.

- xi. **Information Technology 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.

Management was unable to provide written policies and procedures that address the functions noted above.

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Management was unable to provide written policies and procedures that address the functions noted above.

2) Board or Finance Committee

- A. 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:

- i. 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.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

Observed that the monthly minutes did not reference or include monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual at a minimum on proprietary funds, and semi-annual budget-to-actual at a minimum on all special revenue funds.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

No exceptions were found as a result of this procedure.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Observed that the board/finance committee did not receive written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Obtained a listing of entity bank accounts for the fiscal period and managements representation that the listing is complete.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Obtained and reviewed bank reconciliations noting that they were prepared within 2 months of the related statement closing date.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Obtained and reviewed bank reconciliations noting that 5 out of the 5 bank reconciliations selected for testing did not include evidence of review by a member of management or a board member who does not handle cash, post ledgers, or issue checks.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Obtained and reviewed bank reconciliations noting that for 3 out of the 5 bank reconciliations selected for testing, management did not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (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 a listing of deposit sites for the fiscal period and managements representation that the listing is complete.

- B. 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:

- i. Employees responsible for cash collections do not share cash drawers/registers;

Observed that employees responsible for cash collections do share the same cash drawers/registers.

- ii. 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;

Observed that employees responsible for collecting cash are not responsible for preparing/making bank deposits.

- iii. 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; and

Observed that employees responsible for collecting cash are not responsible for posting cash collection entries to the general ledger.

- iv. 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/official verifies the reconciliation.

Observed that employees responsible for reconciling cash collections to the general ledger are not responsible for collecting cash.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Obtained and reviewed a copy of the bond or insurance policy for theft covering all employees who have access to cash, noting no exceptions.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.

Observed that receipts are sequentially pre-numbered.

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

Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip, noting no exceptions.

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

Traced the deposit slip total to the actual deposit per the bank statement, noting no exceptions.

- iv. Observe 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 and the cash is stored securely in a locked safe or drawer).

Observed that deposits were 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 and the cash is stored securely in a locked safe or drawer), noting no exceptions.

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

Traced the actual deposit per the bank statement to the general ledger, noting no exceptions.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. 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 a listing of locations that process payments for the fiscal period and managements representation that the listing is complete.

- B. For each location selected under procedure #5A 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:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Observed that there are not at least two employees involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- ii. At least two employees are involved in processing and approving payments to vendors;

Observed that there are not at least two employees involved in processing and approving payments to vendors.

- iii. 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;
Observed that the employee responsible for processing payments is not prohibited from adding/modifying vendor files.
 - iv. 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; and
Observed that the employee responsible for processing payments is also responsible for mailing the payments.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
Observed that only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means, noting no exceptions.
- C. For each location selected under procedure #5A 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:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity; and
Observed that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, noting no exceptions.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
Observed that for 5 out of the 5 disbursements selected for testing, there was no documentation including evidence of segregation of duties tested under procedure #5B above.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.
Observed that for 5 out of the 5 non-payroll-related electronic disbursements selected for testing, there was no approval by only those persons authorized to disburse funds per the entity's policy. Also observed that for 5 out of the 5 non-payroll-related electronic disbursements selected for testing, there was no approval by the required number of authorized signers per the entity's policy.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards for the fiscal period and management's representation that the listing is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials such as the mayor of a Lawrason Act municipality, should not be reported); and

Observed that for 5 out of the 5 monthly statements selected for testing, the monthly statements and supporting documentation were not reviewed and approved, in writing, by someone other than the authorized card holder.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Observed that for 1 out of the 5 monthly statements selected for testing, finance charges were assessed in the amount of \$13.40.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

1 out of the 4 transactions selected for testing was not supported by the original itemized receipt that identifies precisely what was purchased. It was also noted that 4 out of the 4 transactions selected for testing were not supported by written documentation of the business/public purpose.

5 out of the 7 transactions selected for testing were not supported by the original itemized receipt that identifies precisely what was purchased. It was also noted that 5 out of the 7 transactions selected for testing were not supported by written documentation of the business/public purpose.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. 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 and 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 a listing of all travel and travel-related expense reimbursements during the fiscal period and managements representation that the listing is complete.

- i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
No exceptions were found as a result of this procedure.
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
No exceptions were found as a result of this procedure.
- iii. 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 Policies and Procedures procedure #1A(vii); and
No exceptions were found as a result of this procedure.
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
No exceptions were found as a result of this procedure.

8) Contracts

Per conversation with Tanya Amos, Town Clerk, it was noted that the Town of Sunset did not have any contracts initiated or renewed during the fiscal period. Therefore, the procedures below are not applicable.

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
N/A – This procedure is not applicable to the entity.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
N/A – This procedure is not applicable to the entity.
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was documented approval); and
N/A – This procedure is not applicable to the entity.
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
N/A – This procedure is not applicable to the entity.

9) Payroll and Personnel

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

Obtained a listing of employees and officials employed during the fiscal period and managements representation that the listing is complete. Obtained related paid salaries and personnel files and agreed to authorized salaries/pay rates in the personnel files, noting no exceptions.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

Observed that all selected employees or officials documented their daily attendance and leave, noting no exceptions.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Observed that supervisors approved the attendance and leave of the selected employees or officials, noting no exceptions.

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

Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records, noting no exceptions.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Observed the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file, noting no exceptions.

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

No exceptions found as a result of this procedure.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums have been paid, and any associated forms have been filed, by required deadlines, noting no exceptions.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
Observed documentation that demonstrates each employee/official completed one hour of ethics training during the fiscal period, noting no exceptions.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
It was noted that there were no changes to the entity's ethic policy during the fiscal period.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
No exceptions were found as a result of this procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
No exceptions were found as a result of this procedure.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
No exceptions were found as a result of this procedure.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.
Per discussion with management, there were no misappropriations of public or assets during the fiscal period.
- B. Observe 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.
Observed the entity has posted the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds on their premises and on their website, noting no exceptions.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures:

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions were found as a result of this procedure.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Observed documentation that demonstrates each employee/official selected for testing completed at least one hour of sexual harassment training during the fiscal period, noting no exceptions.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website), noting no exceptions.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.

Management's Response

Management of the Town of Sunset concurs with the exceptions and are working to address the deficiencies identified.

We were engaged by the Town of Sunset to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, 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.

We are required to be independent of the Town of Sunset and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 7, 2023