

**Village of Sun, Louisiana**

**Annual Financial Statements  
As of and for the Year Ended June 30, 2017  
and Independent Accountant's Review Report**

**VILLAGE OF SUN, LOUISIANA**

**TABLE OF CONTENTS**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position	9
Statement of Activities	10
FUND FINANCIAL STATEMENTS	
Governmental Funds:	
Balance Sheet	11
Reconciliation of the Governmental Fund Balances to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Proprietary fund – Waterworks System Enterprise Fund:	
Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17
NOTES TO THE FINANCIAL STATEMENTS	18
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule	28
Schedule of Compensation Paid to Aldermen	29
Schedule of Compensation Paid to the Agency Head	30
CURRENT YEAR FINDINGS AND QUESTIONED COSTS	31
PRIOR YEAR FINDINGS AND QUESTIONED COSTS	34
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	
Independent Accountants' Report on Applying Agreed-Upon Procedures for Compliance with Laws and Regulations	37

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Richard Kivett, Mayor  
And Members of the Board of Alderman  
Village of Sun, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Sun, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

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

### **Accountant's Responsibility**

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

### **Accountant's Conclusion**

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Budgetary Comparison Schedule on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. I have not audited or reviewed such required supplementary information, and, accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on it.

The accompanying schedule of compensation, benefits, and other payments to agency head, as required by the Louisiana Legislative Auditor, is presented for additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. It has been subjected to the

inquiry and analytical procedures applied in the review of the basic financial statements, and I did not become aware of any material modifications that should be made to such information.

Robert A. Neilson, CPA  
Bogalusa, Louisiana  
February 16, 2018

**VILLAGE OF SUN, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

As management of the Village of Sun, Louisiana (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Sun, Louisiana, for the fiscal year ended June 30, 2017. This management discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Village's finances. It is also intended to provide readers with an analysis of the Village's short-term and long-term activities, based on information presented in the financial report and fiscal policies that have been adopted by the Village. This section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns. As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

**Financial Highlights- Government Wide**

- The Village's assets exceeded its liabilities by \$386,054 and \$398,623 (net position) at June 30, 2017 and 2016 respectively.
- Revenue decreased approximately 20%.
- Expenses decreased approximately 5%.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's basic financial statements consist of the following components:

- 1) Government-Wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to Financial Statements
- 4) Required Supplemental Information
- 5) Other Supplemental Information

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements provide readers a concise "entity-wide" statement of net position and statement of activities, seeking to give the user of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private sector business.

- The statement of net position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and deferred outflows of resources less liabilities and deferred inflows of resources equals net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

**VILLAGE OF SUN, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

- The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event that gives rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the Village into:

1. Government activities such as police and administrative services that are supported by taxes, grants and franchise fees, and
2. Business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges such as their water, sewer and garbage systems.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a governments' financial position. The Village assets exceeded its liabilities at the close of the most recent fiscal year by \$386,054 (net position). The Village's net position is comprised of \$345,050 from governmental activities and \$41,004 from business-type activities as shown on page 9.

The largest portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, infrastructure, etc.) less any related debt that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Village has no debt in regards to these assets as of June 30, 2017. An additional portion of the Village's net position presents resources that are subject to restrictions on how they may be used and are classified as such. The remaining balance consists of resources that are unassigned. At the end of the current fiscal year, the Village is able to report positive balances in net position for its governmental activities as well as its business-type activity fund.

**Governmental Activities**

The governmental activities of the Village include general government, public safety, and public works. Sales taxes, franchise taxes, occupational licenses and permits, fines and other revenues fund most of these governmental activities.

**Business-Type Activities**

The business-type activities of the Village are those that the Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water department is reported here.

**VILLAGE OF SUN, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

A condensed summary of the statement of net position is presented in the following table for these activities:

	Governmental Activities		Business Type		Total Government	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Current & Other Assets	\$ 270,572	\$ 277,662	\$ 71,738	\$ 91,089	\$ 342,310	\$ 368,751
Capital Assets, net	134,836	144,822	31,790	42,262	166,626	187,084
<b>Total Assets</b>	<b>405,408</b>	<b>422,484</b>	<b>103,528</b>	<b>133,351</b>	<b>508,936</b>	<b>555,835</b>
<b>Total liabilities</b>	<b>60,358</b>	<b>100,371</b>	<b>62,523</b>	<b>56,841</b>	<b>122,881</b>	<b>157,212</b>
<b>Net Position:</b>						
Net Investment in						
Capital Assets	134,836	144,822	31,790	42,262	166,626	187,084
Restricted	190,530	183,667			190,530	183,667
Unassigned	19,684	(6,376)	9,214	34,248	28,898	27,872
<b>Net Position</b>	<b>\$345,050</b>	<b>\$322,113</b>	<b>\$41,004</b>	<b>\$76,510</b>	<b>\$386,054</b>	<b>\$398,623</b>

Net position of the Village's governmental activities increased by 7% (\$345,050 compared to \$322,113).

Receivables are 11% of total assets at June 30, 2017 and 2016, respectively. Capital assets, net of accumulated depreciation, are approximately 33% and 34% of total assets at June 30, 2017 and 2016, respectively. Capital assets are non-liquid assets and cannot be utilized to satisfy the Village's obligations.

Approximately 49% and 46% of the Village's net position is restricted at June 30, 2017 and 2016, respectively. The government's net position decreased by \$12,569 and increased by \$33,556 in the years ended June 30, 2017 and 2016, respectively.

General revenues are those available for the Village to use to pay for the governmental activities described above. Program revenues are those available for the Village to use to pay for specific program expenses. Below, we show the general government expenses, which include salaries, building costs, alderman fees, depreciation, and other general administration costs. Public safety expenses encompass the police department. The following table on the next page shows a summary of the Village's statement of activities:

**VILLAGE OF SUN, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

<u>General Revenues</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Gov't</u>	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Taxes	\$ 62,552	\$ 71,749			\$ 62,552	\$ 71,749
Fines and forfeitures	29,103	2,994			29,103	2,994
Franchise fees	17,175	16,305			17,175	16,305
Licenses	9,500	11,227			9,500	11,227
Skating rink revenue	12,914	21,095			12,914	21,095
Mowing contract revenue	7,100	7,100			7,100	7,100
Video bingo revenue	23,182	36,160			23,182	36,160
Investment earnings	354	192	56	51	410	243
Other general revenues	8,096	2,360	0	2,951	8,096	5,311
Total general revenues	\$169,976	\$169,182	\$56	\$3,002	\$170,032	\$172,184
<u>Program Revenues</u>						
Capital grants and contributions	10,239	33,283			10,239	33,283
Charges for services			58,327	92,516	58,327	92,516
Total program revenues	\$10,239	\$33,283	\$58,327	\$92,516	\$68,566	\$125,799
Total Revenues	\$180,215	\$202,465	\$58,383	\$95,518	\$238,598	\$297,983
<u>Program Expenses</u>						
General government	\$149,917	\$ 152,592			\$ 149,917	\$ 152,592
Public safety	7,361	8,539			7,361	8,539
Waterworks			93,889	103,296	93,889	103,296
Total program expenses	157,278	161,131	93,889	103,296	251,167	264,427
Change in Net Position	22,937	41,334	(35,506)	(7,778)	(12,569)	33,556
Net Position - Beginning of Year	322,113	280,779	76,510	84,288	398,623	365,067
Net Position - End of year	\$345,050	\$322,113	\$41,004	\$76,510	\$386,054	\$398,623

**VILLAGE OF SUN, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

- A. Governmental funds are used to account for most of the Village's basic services reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison: between governmental funds and governmental activities. These reconciling statements are located on pages 12 and 14.

The Village maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue funds, which are considered to be major revenue funds.

The basic governmental fund financial statements can be found on pages 11 and 13 of the report.

**Financial Analysis of the Government Funds**

As of the end of the current year, the Village's governmental funds reported combined ending fund balances of \$173,100. The net increase in fund balance during the current year in the governmental funds was \$32,922.

- B. Proprietary funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water/garbage department. Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the water/garbage department, which is considered to be a major fund of the Village. The basic proprietary fund financial statements can be found on pages 15 through 17 of this report.

**VILLAGE OF SUN, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**NOTES TO THE FINANCIAL STATEMENTS**

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 27 of this report.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The budget was prepared in accordance with the provisions of the Local Government Budget Act. The following are significant variations between the budget and actual amounts.

1. Actual revenues and other financing sources were lower than budgeted total revenues and other financing sources by \$62,576 or 26%.
2. Total actual expenditures were less than total budgeted expenditures by \$77,551 or 34%.

**CAPITAL ASSETS**

The following summarizes the Village's investment in capital assets at June 30, 2017 and 2016.

	<u>6/30/2017</u>	<u>6/30/2016</u>
Capital Assets	\$744,671	\$736,170
Less accumulated depreciation	<u>578,044</u>	<u>549,087</u>
Capital Assets, net	<u>\$166,627</u>	<u>\$187,083</u>

The Village purchased \$2,500 of capital assets and received \$6,000 of donated assets from July 1, 2016 to June 30, 2017.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Richard Kivett, Mayor, P.O. Box 818, Sun, Louisiana 70463.

**VILLAGE OF SUN, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$126,928	\$57,984	\$184,912
Investments	18,191		18,191
Receivables (net of allowances for uncollectibles)	41,303	13,754	55,057
Due from other funds	59,057		59,057
Restricted cash and cash equivalents	25,093		25,093
Land	9,980		9,980
Buildings, improvements, and equipment (net)	124,857		124,857
Utility plant and equipment (net)		31,790	31,790
<b>TOTAL ASSETS</b>	<b><u>\$405,409</u></b>	<b><u>\$103,528</u></b>	<b><u>\$508,937</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$4,378	\$3,467	\$7,845
Due to other funds		59,057	59,057
Payroll Tax Liabilities	13,963		13,963
Payroll Tax Liabilities - Penalties & Interest	42,018		42,018
<b>TOTAL LIABILITIES</b>	<b><u>60,359</u></b>	<b><u>62,524</u></b>	<b><u>122,883</u></b>
<b>NET POSITION</b>			
Net investment in capital assets	134,837	31,790	166,627
Restricted for:			
Public improvements	165,835		165,835
Waterworks maintenance	24,695		24,695
Unassigned	19,683	9,214	28,897
<b>TOTAL NET POSITION</b>	<b><u>\$345,050</u></b>	<b><u>\$41,004</u></b>	<b><u>\$386,054</u></b>

**VILLAGE OF SUN, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**June 30, 2017**

	<b>Program Revenues</b>				<b>Net (Expenses)/Revenues and Changes in Net Position</b>		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$149,917			\$10,239	(\$139,678)		(\$139,678)
Public Safety	7,361				(7,361)		(7,361)
Total governmental activities	157,278	0	0	10,239	(147,039)	0	(147,039)
<b>BUSINESS -TYPE ACTIVITIES</b>							
Waterworks	93,889	58,327				(35,562)	(35,562)
Total business-type activities	93,889	58,327	0	0	0	(35,562)	(35,562)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$251,167</b>	<b>\$58,327</b>	<b>\$0</b>	<b>\$10,239</b>	<b>(\$147,039)</b>	<b>(\$35,562)</b>	<b>(\$182,601)</b>

**GENERAL REVENUES**

Taxes	\$62,552		\$62,552
Fines and forfeitures	29,103		29,103
Franchise fees	17,175		17,175
Licenses	9,500		9,500
Skating rink revenue	12,914		12,914
Mowing contract revenue	7,100		7,100
Video bingo revenue	23,182		23,182
Investment earnings	354	56	410
Other general revenues	8,096		8,096
<b>TOTAL GENERAL REVENUES</b>	<b>169,976</b>	<b>56</b>	<b>170,032</b>
<b>CHANGE IN NET POSITION</b>	<b>22,937</b>	<b>(35,506)</b>	<b>(12,569)</b>
<b>NET POSITION-Beginning of year</b>	<b>322,113</b>	<b>76,510</b>	<b>398,623</b>
<b>NET POSITION-End of year</b>	<b>\$345,050</b>	<b>\$41,004</b>	<b>\$386,054</b>

See accompanying independent accountant's review report and notes to financial statements.

**VILLAGE OF SUN, LOUISIANA**  
**BALANCE SHEET**  
**June 30, 2017**

	<b>General Fund</b>	<b>Special Revenue Funds</b>		<b>Total Governmental Funds</b>
		<b>Sales and Use Tax</b>	<b>Special Sales Tax</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$28,499	\$83,559	\$14,870	\$126,928
Restricted cash and cash equivalents	25,093			25,093
Investments			18,191	18,191
Receivables	41,302			41,302
Due From Other Funds		82,276		82,276
<b>TOTAL ASSETS</b>	<b>\$94,894</b>	<b>\$165,835</b>	<b>\$33,061</b>	<b>\$293,790</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$4,377			\$4,377
Due To Other Funds	51,966		8,366	60,332
Payroll Tax Liabilities	13,963			13,963
Payroll Tax Liabilities-Penalties & Interest	42,018			42,018
<b>TOTAL LIABILITIES</b>	112,324		8,366	120,690
<b>FUND BALANCES</b>				
Restricted for public improvements	25,093	165,835		190,928
Restricted for water system operations and maintenance			24,695	24,695
Unassigned	(42,523)			(42,523)
<b>TOTAL FUND BALANCES</b>	(17,430)	165,835	24,695	173,100
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$94,894</b>	<b>\$165,835</b>	<b>\$33,061</b>	<b>\$293,790</b>

**VILLAGE OF SUN, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2017**

Amounts reported for governmental activities in the statement of net position are different because:

<b>Fund balances, total governmental funds</b>	<b>\$173,100</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	134,837
Interfund Transfers	<u>37,113</u>
<b>Net Position of governmental activities</b>	<b><u>\$345,050</u></b>

**VILLAGE OF SUN, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**FOR YEAR ENDED June 30, 2017**

	<u>General Fund</u>	<u>Sales and Use Tax</u>	<u>Special Sales Tax</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes		62,552		\$62,552
Government grants and contracts	10,239			10,239
Fines and forfeitures	29,103			29,103
Franchise fees	17,175			17,175
Licenses	9,500			9,500
Skating rink revenue	12,914			12,914
Mowing contract revenue		7,100		7,100
Video bingo revenue	23,182			23,182
Interest income	152	68	133	353
Other revenues	6,821		1,275	8,096
<b>TOTAL REVENUES</b>	109,086	69,720	1,408	180,214
<b>EXPENDITURES</b>				
General government	110,862	26,569		137,431
Public safety	3,078	4,283		7,361
Capital outlay	2,500			2,500
<b>TOTAL EXPENDITURES</b>	116,440	30,852	-	147,292
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(7,354)	38,868	1,408	32,922
<b>NET CHANGE IN FUND BALANCES</b>	(7,354)	38,868	1,408	32,922
<b>FUND BALANCES - Beginning of year</b>	(10,076)	126,967	23,287	140,178
<b>FUND BALANCES - End of year</b>	<b>(\$17,430)</b>	<b>\$165,835</b>	<b>\$24,695</b>	<b>\$173,100</b>

**VILLAGE OF SUN, LOUISIANA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**June 30, 2017**

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

<b>Net changes in fund balances, total governmental funds</b>	<b>\$32,922</b>
Capital Outlay	2,500
Depreciation Expense	<u>(12,485)</u>
<b>Change in Net Position of governmental activities</b>	<b><u><u>\$22,937</u></u></b>

**VILLAGE OF SUN, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND – WATERWORKS SYSTEM ENTERPRISE FUND**  
**June 30, 2017**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 57,984
Receivables (net)	13,754
Utility plant and equipment	293,392
Accumulated depreciation	<u>(261,602)</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 103,528</u></b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 3,467
Due to other funds	<u>59,057</u>
<b>TOTAL LIABILITIES</b>	<b>62,524</b>
<b>NET POSITION</b>	
Invested in fixed assets, net of related debt	31,790
Unrestricted	<u>9,214</u>
<b>TOTAL NET POSITION</b>	<b><u>41,004</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 103,528</u></b>

**VILLAGE OF SUN, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND – WATERWORKS SYSTEM ENTERPRISE FUND**  
**FOR THE YEAR ENDED June 30, 2017**

<b>OPERATING REVENUES</b>	
Water and service charges	<u>\$ 58,327</u>
<b>TOTAL OPERATING REVENUES</b>	58,327
<b>OPERATING EXPENSES</b>	
Billing and collecting expenses	1,962
Water operations and maintenance	32,058
Insurance	4,115
Utilities and telephone	2,922
Wages	36,525
Depreciation	10,472
Other Operating Expenses	<u>5,835</u>
<b>TOTAL OPERATING EXPENSES</b>	93,889
<b>OPERATING INCOME</b>	(35,562)
<b>NONOPERATING REVENUE</b>	
Interest Income	<u>56</u>
<b>TOTAL NONOPERATING REVENUE</b>	<u>56</u>
<b>CHANGE IN NET POSITION</b>	<b>(35,506)</b>
<b>NET POSITION - Beginning of year</b>	<u>76,510</u>
<b>NET POSITION - End of year</b>	<u><u>\$ 41,004</u></u>

**VILLAGE OF SUN, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND – WATERWORKS SYSTEM ENTERPRISE FUND  
FOR THE YEAR ENDED June 30, 2017**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net position	\$ (35,506)
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	10,472
Changes in operating assets and liabilities:	
Decrease in Accounts Receivable	1,571
Increase in Accounts Payable	3,467
Interfund Transfers In	2,216
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(17,780)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	(17,780)
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>75,764</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u><u>\$ 57,984</u></u>

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization*** - The Village of Sun, Louisiana (the Village) was incorporated October 6, 1958 under the provisions of the Lawrason Act, Louisiana Revised Statutes (LSA-R.S.) 33:321-463. The Village operates under a Mayor-Board of Aldermen form of government. The Village provides police protection, maintenance of streets, and waterworks services.

***Basis of Presentation*** – The accompanying financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

***Reporting Entity*** – The financial statements of the Village include all funds, account groups, and activities that are within the oversight responsibility of the Village. Certain units of local government, over which the Village exercises no oversight responsibility, such as the St. Tammany Parish Government, St. Tammany Parish School Board, independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the Village.

As the municipal governing authority for reporting purposes, the Village is 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, and (c) other organizations for which the nature or significance of their relationship with the primary government are such that exclusion would cause the Village's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

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

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

*Government-Wide and Fund Financial Statements* – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non fiduciary activities of the Village. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and the Village's proprietary fund. Individual governmental funds and the enterprise fund are reported as separate columns in the fund financial statements.

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation* - The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Sales taxes, franchise taxes, gambling taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

General Fund

The general fund is the principal fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds. General operating expenditures are paid from this fund.

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued) -*

Special Revenue Funds

Special revenue funds are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The Village has two special revenue funds, described as follows:

Sales and Use Tax Fund

Proceeds of the one percent sales and use tax levied by the Village are dedicated to acquisition, maintenance, and construction of public roads, streets, sidewalks, bridges, recreational facilities, buildings, operating sewerage and water systems, and other permanent public improvements.

Special Sales and Use Tax Fund

Proceeds of the special one percent sales and use tax levied by the Village after paying reasonable and necessary costs and expenses of collecting and administering the tax are dedicated for waterworks additions, improvements, extensions, and operation of the waterworks system.

The Village reports the following proprietary fund:

Proprietary Fund – Enterprise

An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprise, 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. The waterworks system of the Village is funded primarily through user fees collected from approximately three hundred (300) customers of the system.

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

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

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

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued) -***

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues for the Village's proprietary fund consisted of charges to customers and users of water services. Operating expenses for the Village's proprietary fund included the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

***Cash and Cash Equivalents*** – Cash includes amounts in time deposits and interest-bearing demand deposits.

Louisiana Revised Statutes authorize the Village to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investments Act of 1940, and which have underlying investments consisting solely of, and limited to, securities of the US Government or its agencies. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

***Receivables and Payables*** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

***Capital Assets*** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 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.

Capital outlays are recorded as expenditures in the fund financial statements. In accordance with GASB Codification, the Village is a Phase 3 government, and as such is not required to capitalize its infrastructure retroactively. The Village has decided to record its infrastructure on a prospective basis. The Village has capitalized its waterworks infrastructure. The Village capitalizes interest on construction in its proprietary fund. Capital outlays of the proprietary fund are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the fund financial statements and the government-wide financial statements. All

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

***Capital Assets (continued) –***

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and improvements	15-40 years
Water and sewer systems	40 years
Furniture and fixtures	7 years
Vehicles	5 years
Equipment	5-20 years

***Budget and Budgetary Accounting*** – Formal budgetary accounting is employed as a management control device during the year for the general fund and special revenue funds. Budgets are adopted for the general fund and special revenue funds on a basis consistent with generally accepted accounting principles (GAAP). All appropriations, which are not expended, lapse at year-end.

In accordance with the Louisiana Local Government Budget Act, the procedures used by the Village in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings. The Board of Aldermen then legally adopts the budget. Budgeted amounts included in the accompanying statements were adopted as amended by the Board of Aldermen as of June 30, 2017.

***Compensated Absences*** – The Village has two full-time employees, but does not follow a formal vacation and sick leave policy. The employees are covered under the Federal Insurance Contribution Act.

***Use of Estimates in the Preparation of Financial Statements*** – The preparation of the Village’s financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities as of June 30, 2017. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in the 2017 financial statements.

***Fund Balances*** – Beginning with fiscal year 2014, the Village implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance - amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

***Fund Balances (continued) –***

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority by a vote of the Board of Aldermen; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governmental body delegates the authority such as the Village's management.
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

**NOTE B – CASH AND CASH EQUIVALENTS**

At June 30, 2017 the Village had cash and cash equivalents (book balances) totaling \$210,005 as follows:

	<u>Unrestricted</u>	<u>Restricted</u>
Demand Deposits	\$184,912	\$25,093

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2017, the Village had \$218,912 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance as of June 30, 2017.

**NOTE C – INVESTMENTS**

An investment of \$18,191, which is stated at cost and approximates market at June 30, 2017, is invested in the Louisiana Asset Management Pool, Inc. (LAMP). In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE C – INVESTMENTS (continued)**

- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is \$1,668,202,503 (from LAMP's monthly Statement of Net Assets) as of June 30, 2017.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

**NOTE D – RECEIVABLES**

Receivables at June 30, 2017 consisted of the following:

	<b>General Fund</b>	<b>Special Revenue</b>	<b>Proprietary</b>	<b>TOTAL</b>
Taxes & Mowing	\$ 16,482	\$ 7,100	\$ -	\$ 23,582
Grants	17,720			17,720
Water & Service Charges			13,754	13,754
<b>Total Receivables</b>	<b>\$ 34,202</b>	<b>\$ 7,100</b>	<b>\$ 13,754</b>	<b>\$ 55,056</b>

The management of the Village believes that all receivables are collectible.

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE E – CAPITAL ASSETS**

The following is a summary of the change in capital assets of the governmental activities for the fiscal year ended June 30, 2017:

<u>Governmental Activities</u>	<u>June 30,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2017</u>
Capital Assets not being depreciated:				
Land	\$ 9,980			\$ 9,980
Capital Assets being depreciated:				
Buildings and improvements	258,378			258,378
Equipment	<u>174,421</u>	<u>2,500</u>		<u>176,921</u>
Total capital assets being depreciated	432,799	2,500		435,299
Less accumulated depreciation for:				
Buildings and improvements	133,440	9,201		142,641
Equipment	<u>164,517</u>	<u>3,284</u>		<u>167,801</u>
	<u>297,957</u>	<u>12,485</u>		<u>310,442</u>
Total capital assets after depreciation	<u>\$ 144,822</u>	<u>\$ (9,985)</u>		<u>\$ 134,837</u>
<u>Proprietary Fund-Waterworks</u>	<u>June 30,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2017</u>
Capital Assets being depreciated:				
Buildings and improvements	\$216,210			\$216,210
Equipment	<u>77,182</u>			<u>77,182</u>
Total capital assets being depreciated	293,392	0		293,392
Less accumulated depreciation for:				
Buildings and improvements	190,101	1,580		191,681
Equipment	<u>61,029</u>	<u>8,892</u>		<u>69,921</u>
	<u>251,130</u>	<u>10,472</u>		<u>261,602</u>
Total capital assets after depreciation	<u>\$ 42,262</u>	<u>\$ (10,472)</u>		<u>\$ 31,790</u>

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE F - LIABILITIES**

The payables at June 30, 2017 were as follows:

	General Fund	Special Revenue Funds	Proprietary Fund	Total
Accounts Payable	\$4,378		\$3,467	\$7,845
Accrued payroll liabilities	55,981			55,981
	<u>\$60,359</u>	<u>\$0</u>	<u>\$3,467</u>	<u>\$63,826</u>

**NOTE G – UTILITY DEPOSITS**

Subsidiary records of customer liability utility deposits are not maintained. Therefore, the actual liability of customer utility deposits could not be determined or recorded in the financial statements as of June 30, 2017. Refunds of utility deposits are recorded as a reduction to utility income in the period they are refunded. Management believes that utility deposit and subsequent refunds are not material to the financial statements in the current period.

**NOTE H – PAYROLL TAX LIABILITIES**

The payroll liabilities of \$55,981 reflect the approximate amounts owing as of the fiscal period end date. They consist of \$13,963 of payroll taxes, \$2,022 of which is current, and \$42,018 of penalties and interest. As of August 2017, the IRS revenue agent assigned to the Village of Sun’s case determined that the penalties and interest were uncollectible and were therefore abated. The Village of Sun signed an addendum to the original offer in compromise effective September 2017 that required 12 more monthly payments of \$1,451.77 for the balance to be paid in full.

**NOTE I – HURRICANES**

In August 2005, the Village was impacted by Hurricane Katrina and, subsequently, in September 2008, the Village was impacted by Hurricane Gustav. The hurricanes caused damage to several buildings and downed numerous trees. As of June 30, 2017, the Village incurred cumulative related expenditures of \$241,803, of which \$0 was incurred for the year June 30, 2017. However, \$8,344 was paid out of this account for legal and professional fees and interest was earned in the amount of \$29. The Village set up a separate bank account to monitor the funds received from the Federal Emergency Management Agency (FEMA) and, the balance in the hurricane bank account was \$25,093 as of June 30, 2017, and is classified as restricted cash on the statement of net position.

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE J – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 16, 2018. Two events are significant enough to warrant. Please see NOTE H for details surrounding the penalties and interest abatement from the IRS. Also, during the fiscal year, the Village of Sun incurred an unusually high employee turnover leaving the office structure and management in disarray. The turnover continued after the fiscal year end, and the Village of Sun still struggles to regain organization and efficiency of operations, thus resulting in the potential for material misstatement.

**NOTE K - INTER-FUND TRANSACTIONS**

Inter-fund balances are from sales taxes received on behalf of the sales and use tax and special sales and use tax funds. Individual balances due from/to other funds at June 30, 2017 were as follows:

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund		\$51,966
Special Revenue Funds:		
Sales and use tax	\$82,276	
Special sales and use tax		8,366
Proprietary fund	37,113	59,057
	\$119,389	\$119,389

**VILLAGE OF SUN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**June 30, 2017**

	<b>ACTUAL</b>	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</b>	<b>% OF VARIANCE</b>
<b>REVENUES</b>					
Taxes	\$62,552	\$85,000	\$85,000	(\$22,448)	-26%
Government grants & contracts	10,239	25,000	25,000	(\$14,761)	-59%
Fines, Forfeitures, & Fees	29,103	5,800	5,800	\$23,303	402%
Franchise fees	17,175	18,000	18,000	(\$825)	-5%
Licenses	9,500	8,700	8,700	\$800	9%
Skating Rink Revenue	12,914	23,000	23,000	(\$10,086)	-44%
Mowing Contract Revenue	7,100	7,100	7,100	\$0	0%
Video Bingo Revenue	23,182	35,000	35,000	(\$11,818)	-34%
Interest Income	353	200	200	\$153	77%
Other Revenues	8,096	34,990	34,990	(\$26,894)	-77%
<b>Total Revenues</b>	<b>\$180,214</b>	<b>\$242,790</b>	<b>\$242,790</b>	<b>(\$62,576)</b>	<b>-26%</b>
<b>EXPENDITURES</b>					
General Government	\$130,704	\$212,742	\$212,742	\$82,038	39%
Public Safety	7,361	5,300	5,300	(\$2,061)	-39%
Recreation	6,727	6,800	6,800	\$73	1%
Capital outlay	2,500	0	0	(\$2,500)	0%
<b>Total Expenditures</b>	<b>\$147,292</b>	<b>\$224,842</b>	<b>\$224,842</b>	<b>\$77,550</b>	<b>34%</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$32,922</b>	<b>\$17,948</b>	<b>\$17,948</b>	<b>\$14,974</b>	<b>83%</b>
<b>Fund Balances- Beginning of Year</b>	<b>\$140,178</b>	<b>\$140,178</b>	<b>\$140,178</b>	<b>\$0</b>	<b>0%</b>
<b>Fund Balances- End of Year</b>	<b>\$173,100</b>	<b>\$158,126</b>	<b>\$158,126</b>	<b>\$14,974</b>	<b>9%</b>

See accompanying independent accountant's review report and notes to the financial statements.

**VILLAGE OF SUN, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID TO ALDERMEN**  
**June 30, 2017**

As shown on this schedule, compensation paid to the aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:405(G), the aldermen received \$50 per month the attend board meetings. The Village pays the aldermen an additional \$25 for unscheduled or special meetings.

<u>Alderman</u>	<u>Number of Payments</u>	<u>Amount</u>
Burrell Mullet	13	\$ 625
Joseph Brian Blackwell	13	625
Will Talley	13	<u>625</u>
<b>TOTAL</b>		<b><u><u>\$ 1,875</u></u></b>

**VILLAGE OF SUN, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID TO THE AGENCY HEAD**  
**June 30, 2017**

Schedule Required by State Law LSA RS 24:513A(1)(a)(3)  
The following schedule is required by Louisiana State Law LSA RS 24:513A(1)(a)(3) on  
compensation and benefits paid to the agency head:

**Agency Head Name:** **Richard Kivett**

<u>Type</u>	<u>Amount</u>
Salary	\$ 18,900
Gas	832
Cell Phone	<u>360</u>
<b>TOTAL</b>	<b><u><u>\$ 20,092</u></u></b>

**VILLAGE OF SUN, LOUISIANA**  
**SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS**  
**June 30, 2017**

*Section I - Material Weakness Identified During the Review*

<b><u>2017-1</u></b>	<b><u>Internal Controls over Financial Reporting – Accurate and Timely Reconciliation of General Ledger Accounts- Repeat Finding</u></b>
Criteria	Control procedures over timely and accurate general ledger account reconciliations (e.g. cash accounts, accounts receivable, accounts payable, and capital assets) are required in order to reduce the likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis.
Condition	The Village has no procedures for the timely reconciliation of general ledger accounts and accounting transactions are incomplete and inaccurate.
Cause	The general ledger did not completely reflect the accounting transactions of the Village of Sun for the fiscal year ending 2017.
Effect	Management, in the normal course of performing their assigned functions, cannot prevent, detect or correct misstatements on a timely basis thus resulting in numerous year-end adjusting journal entries. Also, because accounting transactions are incomplete and inaccurate, the risk for material misstatement is greatly increased.
Recommendation	Policies and procedures should be implemented and competent accounting staff hired to ensure that important documents are maintained and accounting transactions are complete.

*Management's Response and Corrective Action Plan*      *We have hired new staff to complete reconciliations within 10 days of receipt of the statements.*

*Section II - Compliance and Other Matters*

<b><u>2017-2</u></b>	<b><u>Segregation of Duties- Repeat Finding</u></b>
Criteria	Proper segregation of duties should be implemented to prevent and detect misappropriation of assets.
Condition	The same person often performs multiple related functions for the Village of Sun.
Cause	There are no policies and procedures and lack of personnel.
Effect	The potential exists for misappropriation of assets occurring and not being prevented or detected.
Recommendation	At least two clerks should perform the day to day functions of the Village of Sun so that the duties can be separated and one person isn't performing multiple related functions.

*Management's Response and Corrective Action Plan*      *The part- time clerk will perform some of the daily functions to separate duties as best as possible.*





**VILLAGE OF SUN, LOUISIANA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**June 30, 2016**

***Section I - Material Weakness Identified During the Review***

<b><u>2016-1</u></b>	<b><u>Internal Controls over Financial Reporting – Accurate and Timely Reconciliation of General Ledger Accounts</u></b>
Observation	There was a lack of timely, accurate reconciliation of the general ledger accounts during 2017.
Criteria	Control procedures over timely and accurate general ledger account reconciliations (e.g. cash accounts, accounts receivable, accounts payable, and capital assets) are required in order to reduce the likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis.
Condition	During my review, I noted the Village has no procedures for the timely reconciliation of general ledger accounts. As such, the general ledger did not completely reflect the accounting transactions of the Village for the year during 2017.
Effect	Management, in the normal course of performing their assigned functions, cannot prevent, detect or correct misstatements on a timely basis thus resulting in numerous year-end adjusting journal entries.
Recommendation	I recommend the Village implement policies and procedures for the timely reconciliation of general ledger accounts and capture all transactions in a timely manner.
Management's Response and Corrective Action Plan	The Mayor will coordinate with the Village Clerk to ensure timely, accurate reconciliations of all accounts.
Status	<b>UNRESOLVED</b>

***Section II - Compliance and Other Matters***

<b><u>2016-2</u></b>	<b><u>Segregation of Duties</u></b>
Observation	The Village officials and employees perform interrelated duties resulting in a lack of internal accounting controls.
Criteria	Proper segregation of duties should be implemented to prevent and detect misappropriation of assets.
Condition	This situation is due to economic and financial constraints of the Village.
Effect	The potential exists for misappropriation of assets occurring and not being prevented or detected.
Recommendation	By use of the Board of Aldermen, the Village should implement increased segregation of duties to

**VILLAGE OF SUN, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
June 30, 2016**

Management's Response and Corrective Action Plan      Due to the Village's size and operating budget, it is not economically feasible to employ sufficient personnel to ensure adequate segregation of duties. Additional significant use of the Board of Aldermen is not an option as their availability is sometimes limited.

Status      **UNRESOLVED**

**2016-3**      **Lack of approval for expenditures**

Observation      Randomly selected six expenditures to determine whether they received approval from proper authorities.

Criteria      All expenditures should be approved by the proper authorities in order to reduce the risk of misappropriation of funds.

Condition      All expenditures were not approved by the proper authorities prior to funds being withdrawn.

Effect      Expenditures not approved by the proper authorities prior to funds being withdrawn could result in misappropriation of funds.

Recommendation      Management should exercise tighter control over expenditures being drafted.

Management's Response and Corrective Action Plan      Management plans to take a more active role in the approval of expenditures being drafted.

Status      **PARTIALLY RESOLVED-** The Mayor reviews the bank statements monthly.

**2016-4**      **Budget Amendments**

Observation      Significant budget variances existed at June 30, 2016.

Criteria      The budget should be amended when actual expenditures exceed budgeted expenditures by 5% or more or when actual revenues fail to meet budgeted revenues by 5% or more.

Condition      The general fund budget was amended during the year but revenue was still under budget by a variance greater than 5%.

Effect      There was a violation of State Budget Act.

Recommendation      Management should monitor revenues and expenses more closely throughout the year to amend the budget when needed.

Management's Response and Corrective Action Plan      Management intends to upload the budget into the Village's accounting software to observe budget variances and amend when applicable.

Status      **UNRESOLVED**

**VILLAGE OF SUN, LOUISIANA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**June 30, 2016**

<b><u>2016-5</u></b>	<b><u>Payroll Liability Payments</u></b>
Observation	Payroll Liabilities are not being paid for the appropriate amounts.
Criteria	Federal Withholding, the Employee's share of Social Security and Medicare, and the Employer's portion of Social Security and Medicare should be paid on a monthly basis.
Condition	The federal withholding and employee's share of Social Security and Medicare were being paid monthly.
Effect	There is an underpayment of payroll taxes on a monthly basis, resulting in possible penalties and interest by the Internal Revenue Service.
Recommendation	Print a report that shows the entire portion of payroll taxes to be remitted on a monthly basis, and
Management's Response and Corrective Action Plan	Management plans to run a report from their accounting software showing the entire amount owed monthly. Upon time for 941 submissions, if there is an outstanding amount owed or excess amount to be refunded, then the accounting clerk will revisit her procedures to ensure she is properly remitting payments for the entire amount monthly.
Status	<b>UNRESOLVED</b>

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT ON APPLYING AGREED-UPON  
PROCEDURES FOR COMPLIANCE WITH LAWS AND REGULATIONS**

Honorable Richard Kivett, Mayor  
And Members of the Board of Aldermen  
Village of Sun, Louisiana

I have performed the procedures enumerated in attachments one and two, which were agreed to by the management of the Village of Sun, and the Legislative Auditor, State of Louisiana solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended June 30, 2017, included in the accompanying Louisiana Attestation Questionnaire. Management of the Village of Sun is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

I was not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.

Robert A. Neilson, CPA  
Bogalusa, Louisiana  
March 5, 2018

## ATTACHMENT 1

### Board Oversight

1. Obtain the entity's written policies and procedures over budgeting (or report that the entity does not have any written policies and procedures over budgeting) and report whether those written policies and procedures address preparing, adopting, monitoring, and amending the budget.

The Village of Sun has no written policies or procedures over budgeting.

**Management's Response: We have oral policies made by the Mayor.**

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Village of Sun's Aldermen met monthly and was in compliance with the municipality charter.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit.
  - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

No reference was made in any of the monthly board meetings of budget to actual comparisons.

**Management's Response: The budget to actual comparisons are reported to the Aldermen when needed at the monthly meetings.**

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Various monthly meeting minutes referred to non-budgetary financial information including new asset purchases and various office matters.

## ATTACHMENT 2

### Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$152,550. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

There was nothing purchased during the fiscal period that required public bids.

### Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

The Village provided this information.

3. Obtain a list of all employees paid during the fiscal year.

The Village provided this information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

None of the employees in Procedure 3 are included on the list from Procedure 2.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

There were no payments made to any parties noted above.

### Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

The Village provided a copy of the original budget.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

The adoption of the original budget could be traced to the board meeting minutes.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

Revenues were under the budgeted amount by more than 5%.

### Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and: (a) report whether the six disbursements agree to the amount and payee in the supporting documentation, (b) report whether the six disbursements are coded to the correct fund and general ledger account, and (c) report whether the six disbursements were approved in accordance with management's policies and procedures.

Because of the high employee turnover and no policies and procedures in place, the filing system was neglected and many documents were lost. Supporting documentation was selected to trace back to the disbursements. The disbursements that were selected did have the correct amount and payee on the supporting documentation and were approved according to management's policies and procedures. However, the disbursements were not recorded to the appropriate general ledger accounts.

### Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

The Village of Sun is required by law to post a notice of each meeting and the accompanying agenda on the door of the Town Hall. Although management has asserted that such documents were properly posted, I could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

### Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

No deposits were related to the proceeds of bank loans, bonds, or indebtedness.

### Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village of Sun and inspection of payroll records indicated no approval of such payments nor any payments made of these types to employees.

### Prior-Year Comments

13. Obtain and report management's representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved.

My review report dated February 16, 2018 contains a schedule of prior year findings (pages 34-36) that indicates the status of each of the findings.

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana government agencies. Upon completion, the questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. Independently elected governmental officials should sign the document, in lieu of such a resolution.

The completed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to my office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor

**LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)**

\_\_\_\_\_ (Date Transmitted)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No [ ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No [ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [ ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No [ ]

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No [ ]

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No [ ]

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [] No [ ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes  No

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes  No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

_____	Secretary	_____	Date
_____	Treasurer	_____	Date
<u>Richard B. Dwyer</u>	<u>MAYOR</u>	<u>President</u>	<u>9-28-17</u> Date