

**TOWN OF SUNSET, LOUISIANA**

Financial Report

Year Ended June 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

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Victor R. Slaven, CPA\* - retired 2020  
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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, 2024, 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, 2024, 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 any 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 is presented for purposes of additional analysis and is 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 judicial system funding schedule is 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 November 7, 2024, 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  
November 7, 2024

## **BASIC FINANCIAL STATEMENTS**

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

TOWN OF SUNSET, LOUISIANA

Statement of Net Position  
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 2,419,600	\$ 906,223	\$ 3,325,823
Receivables, net	58,476	158,378	216,854
Internal balances	481,179	(481,179)	-
Due from other governmental units	4,555	5,441,458	5,446,013
Restricted assets:			
Cash and interest-bearing deposits	-	425,312	425,312
Capital assets, net	<u>1,139,906</u>	<u>2,852,196</u>	<u>3,992,102</u>
Total assets	<u>4,103,716</u>	<u>9,302,388</u>	<u>13,406,104</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>266,920</u>	<u>10,340</u>	<u>277,260</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts, salaries and other payables	107,992	32,126	140,118
Customers deposits payable	-	143,693	143,693
Accrued interest payable	-	3,368	3,368
Long-term liabilities:			
Due within one year	22,000	40,212	62,212
Due in more than one year	23,000	6,199,042	6,222,042
Net pension liability	<u>545,098</u>	<u>18,593</u>	<u>563,691</u>
Total liabilities	<u>698,090</u>	<u>6,437,034</u>	<u>7,135,124</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>62,620</u>	<u>6,553</u>	<u>69,173</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,139,906	2,239,247	3,379,153
Restricted for sales tax dedications	1,151,696	-	1,151,696
Restricted for debt service	2,006	93,404	95,410
Unrestricted	<u>1,316,318</u>	<u>536,490</u>	<u>1,852,808</u>
Total net position	<u>\$ 3,609,926</u>	<u>\$ 2,869,141</u>	<u>\$ 6,479,067</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, 2024

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	\$ 882,548	\$ 213,650	\$ -	\$ 300,000	\$ (368,898)	\$ -	\$ (368,898)
Public safety							
Police	850,981	227,144	-	-	(623,837)	-	(623,837)
Fire	270,143	-	-	-	(270,143)	-	-
Streets	265,853	-	-	-	(265,853)	-	(265,853)
Interest on long-term debt	2,951	-	-	-	(2,951)	-	(2,951)
Total governmental activities	<u>2,272,476</u>	<u>440,794</u>	<u>-</u>	<u>300,000</u>	<u>(1,531,682)</u>	<u>-</u>	<u>(1,531,682)</u>
Business-type activities:							
Gas	293,394	370,992	-	-	-	77,598	77,598
Water	473,096	568,685	-	488,687	-	584,276	584,276
Sewer	437,935	385,623	-	-	-	(52,312)	(52,312)
Interest on long-term debt	21,798	-	-	-	-	(21,798)	(21,798)
Total business-type activities	<u>1,226,223</u>	<u>1,325,300</u>	<u>-</u>	<u>488,687</u>	<u>-</u>	<u>587,764</u>	<u>587,764</u>
Total	<u>\$ 3,498,699</u>	<u>\$ 1,766,094</u>	<u>\$ -</u>	<u>\$ 788,687</u>	<u>(1,531,682)</u>	<u>587,764</u>	<u>(943,918)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					169,996	-	169,996
Sales and use taxes, levied for general purposes					1,259,646	-	1,259,646
Franchise taxes					160,673	-	160,673
Grants and contributions not restricted to specific programs -							
Federal and state sources					107,344	-	107,344
Non-employer pension contribution					11,690	383	12,073
Interest and investment earnings					284	109	393
Miscellaneous					107,436	-	107,436
Total general revenues and transfers					<u>1,817,069</u>	<u>492</u>	<u>1,817,561</u>
Change in net position					285,387	588,256	873,643
Net position - beginning					<u>3,324,539</u>	<u>2,280,885</u>	<u>5,605,424</u>
Net position - ending					<u>\$ 3,609,926</u>	<u>\$ 2,869,141</u>	<u>\$ 6,479,067</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, 2024

	General	Sales Tax Special Revenue	Economic Development District	Other Governmental	Total
<b>ASSETS</b>					
Cash and interest-bearing deposits	\$ 1,477,564	\$ 118,401	\$ 802,796	\$ 20,839	\$ 2,419,600
Receivables					
Taxes	39,051	-	-	-	39,051
Due from other governmental units	4,555	-	-	-	4,555
Due from other funds	563,892	230,499	-	-	794,391
Other	19,425	-	-	-	19,425
Total assets	<u>\$ 2,104,487</u>	<u>\$ 348,900</u>	<u>\$ 802,796</u>	<u>\$ 20,839</u>	<u>\$ 3,277,022</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts and other payables	\$ 107,992	\$ -	\$ -	\$ -	\$ 107,992
Due to other funds	294,379	-	-	18,833	313,212
Total liabilities	<u>402,371</u>	<u>-</u>	<u>-</u>	<u>18,833</u>	<u>421,204</u>
<b>Fund balances:</b>					
Restricted for sales tax dedications	-	348,900	802,796	-	1,151,696
Restricted for debt service	-	-	-	2,006	2,006
Unassigned	1,702,116	-	-	-	1,702,116
Total fund balances	<u>1,702,116</u>	<u>348,900</u>	<u>802,796</u>	<u>2,006</u>	<u>2,855,818</u>
Total liabilities and fund balances	<u>\$ 2,104,487</u>	<u>\$ 348,900</u>	<u>\$ 802,796</u>	<u>\$ 20,839</u>	<u>\$ 3,277,022</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, 2024

Total fund balances for governmental funds at June 30, 2024		\$2,855,818
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 \$1,148,265 accumulated depreciation	656,206	
Machinery and equipment, net of \$1,044,327 accumulated depreciation	35,497	
Vehicles, net of \$306,785 accumulated depreciation	<u>190,013</u>	1,139,906
Deferred outflows of resources are not available resources, and therefore, are not reported in the funds:		
Pension plans		266,920
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:		
Revenue bonds payable	(45,000)	
Net pension liability	<u>(545,098)</u>	(590,098)
Deferred inflows of resources are not payable from current expendable resources, and therefore, are not reported in the funds:		
Pension plans		<u>(62,620)</u>
Total net position of governmental activities at June 30, 2024		<u>\$3,609,926</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, 2024

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Economic Development District</u>	<u>Other Governmental</u>	<u>Total</u>
Revenues:					
Taxes	\$ 330,669	\$ 968,599	\$ 291,047	\$ -	\$ 1,590,315
Licenses and permits	213,650	-	-	-	213,650
Intergovernmental	407,344	-	-	-	407,344
Fines and forfeits	227,144	-	-	-	227,144
Miscellaneous	107,512	132	-	76	107,720
Total revenues	<u>1,286,319</u>	<u>968,731</u>	<u>291,047</u>	<u>76</u>	<u>2,546,173</u>
Expenditures:					
Current -					
General government	822,947	9,558	2,887	-	835,392
Public safety -					
Police	748,648	-	-	-	748,648
Fire	262,737	-	-	-	262,737
Streets	255,630	-	-	-	255,630
Debt service -					
Principal	8,498	-	-	20,000	28,498
Interest and fiscal charges	346	-	-	2,605	2,951
Capital outlay	119,864	-	-	-	119,864
Total expenditures	<u>2,218,670</u>	<u>9,558</u>	<u>2,887</u>	<u>22,605</u>	<u>2,253,720</u>
Excess (deficiency) of revenues over expenditures	(932,351)	959,173	288,160	(22,529)	292,453
Other financing sources (uses):					
Transfers in (out)	1,082,877	(1,106,033)	-	23,156	-
Net changes in fund balances	150,526	(146,860)	288,160	627	292,453
Fund balances, beginning	<u>1,551,590</u>	<u>495,760</u>	<u>514,636</u>	<u>1,379</u>	<u>2,563,365</u>
Fund balances, ending	<u>\$ 1,702,116</u>	<u>\$ 348,900</u>	<u>\$ 802,796</u>	<u>\$ 2,006</u>	<u>\$ 2,855,818</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, 2024

Total net changes in fund balances for the year ended June 30, 2024 per the statement of revenues, expenditures and changes in fund balances	\$ 292,453
The change in net position reported for governmental activities in the statement of activities is different because:	
<p>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.</p>	
Capital outlay which are considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 120,164
Depreciation expense for the year ended June 30, 2024	<u>(128,634)</u> (8,470)
<p>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.</p>	
Repayment of long-term debt	28,498
<p>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.</p>	
Net pension liability	<u>(27,094)</u>
Total changes in net position for the year ended June 30, 2024 per the statement of activities	<u>\$ 285,387</u>

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

TOWN OF SUNSET, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 June 30, 2024

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and interest-bearing deposits	\$ 906,223
Accounts receivable, net	158,378
Due from other governments	<u>5,441,458</u>
Total current assets	<u>6,506,059</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	425,312
Capital assets, net of accumulated depreciation	<u>2,852,196</u>
Total noncurrent assets	<u>3,277,508</u>
Total assets	<u>9,783,567</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>10,340</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	156
Retainage payable	31,270
Accrued liabilities	700
Due to other funds	481,179
Loans payable	5,212
Payable from restricted assets -	
Customer deposits payable	143,693
Bonds payable	35,000
Accrued interest payable	<u>3,368</u>
Total current liabilities	<u>700,578</u>
Noncurrent liabilities	
Bonds payable	6,199,042
Net pension liability	<u>18,593</u>
Total noncurrent liabilities	<u>6,217,635</u>
Total liabilities	<u>6,918,213</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>6,553</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,239,247
Restricted for debt service	93,404
Unrestricted	<u>536,490</u>
Total net position	<u>\$ 2,869,141</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, 2024

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 358,563
Water charges	494,501
Sewer service charges	288,577
Miscellaneous	<u>183,659</u>
Total operating revenues	<u>1,325,300</u>
Operating expenses:	
Gas department	293,394
Water department	473,096
Sewer department	<u>437,935</u>
Total operating expenses	<u>1,204,425</u>
Operating income	<u>120,875</u>
Nonoperating revenues (expenses):	
Interest income	109
Non-employer pension contribution	383
Interest expense	<u>(21,798)</u>
Total nonoperating revenues (expenses)	<u>(21,306)</u>
Loss before contributions	99,569
Capital contributions	<u>488,687</u>
Change in net position	<u>588,256</u>
Net position, beginning	<u>2,280,885</u>
Net position, ending	<u>\$2,869,141</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, 2024

	<u>Enterprise Fund</u>
Cash flows from operating activities.	
Receipts from customers	\$ 1,285,593
Payments to suppliers	(842,383)
Payments to employees	(255,623)
Net cash provided by operating activities	<u>187,587</u>
Cash flows from noncapital financing activities:	
Cash received by other funds	101,557
Net increase in customer meter deposits	4,799
Net cash provided by noncapital financing activities	<u>106,356</u>
Cash flows from capital and related financing activities:	
Proceeds from bonds payable, net	212,212
Principal paid on loans payable	(30,560)
Interest paid on bonds and notes	(21,798)
Proceeds from grants	488,687
Net acquisition of property, plant and equipment	(760,126)
Net cash used in capital and related financing activities	<u>(111,585)</u>
Cash flows from investing activities:	
Interest earned	<u>109</u>
Net increase in cash and cash equivalents	182,467
Cash and cash equivalents, beginning of period	<u>1,121,590</u>
Cash and cash equivalents, end of period	<u>\$ 1,304,057</u>

(continued)

TOWN OF SUNSET, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund (Continued)  
 For the Year Ended June 30, 2024

	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 120,875
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	132,808
Pension expense	3,469
Changes in current assets and liabilities:	
Increase in accounts receivable	(39,707)
Increase in accounts payable	<u>(29,858)</u>
Net cash provided by operating activities	<u>\$ 187,587</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	\$ 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>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	906,223
Cash and interest-bearing deposits - restricted	425,312
Less: interest-bearing deposits with maturity in excess of 90 days	<u>(27,478)</u>
Total cash and cash equivalents	<u>1,304,057</u>
Net increase in cash and cash equivalents	<u>\$ 182,467</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 of 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 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.

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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.

##### 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 \$22,223 at June 30, 2024. 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



TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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.

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### 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 13), 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 purpose, benefit payments (including refunds of employee contributions) are recognized when 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.

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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 qualifies 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, 2024, the Town reported \$1,247,106 of restricted net position, \$1,151,696 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."

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.

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

- 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.

#### 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.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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 4
Gas, water, and sewer revenue	Utility operations

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

(2) New Accounting Pronouncements

The following accounting standard adopted by the Governmental Accounting Standards Board, scheduled to be implemented in the future, may affect the Town's financial statements:

GASB Statement 101, *Compensated Absences*. This standard updates the recognition and measurement guidance for compensated absences by aligning the guidance under a unified model and by amending certain disclosures. This standard is effective for reporting period beginning after December 15, 2023. The Town will include the requirements of this standard, as applicable, in its June 30, 2025, financial statements. The effect of this standard or its applicability to the Town is unknown at this time.

(3) 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, 2024, taxes of 5.74 mills were levied on property with assessed valuations totaling \$30,558,930 and were dedicated for general corporate purposes. Total taxes levied were \$175,408. Taxes receivable at June 30, 2024 of \$7,578 is reported net of an allowance for uncollectible accounts totaling \$3,789.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) 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 (2024 collections \$968,599) 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 (2024 collections \$291,047) 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.

(5) 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, 2024, the Town had cash and interest-bearing deposits (book balances) totaling \$3,751,135 as follows

Non interest-bearing deposits	\$ 1,643,813
Interest-bearing deposits	2,071,641
Time deposits	<u>35,681</u>
Total	<u>\$ 3,751,135</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, 2024, are secured as follows:

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Bank balances	<u>\$4,389,513</u>
Federal deposit insurance	500,000
Pledged securities	<u>3,727,536</u>
Total	<u>\$4,227,536</u>
Excess (deficiency)	<u>\$ (161,977)</u>

Deposits in the amount of \$3,727,536 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. Deposits were under secured by approximately \$161,977 at June 30, 2024.

(6) Receivables

Receivables at June 30, 2024 consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ -	\$ 126,956	\$ 126,956
Unbilled utility	-	31,422	31,422
Ad valorem taxes	3,789	-	3,789
Franchise taxes	35,262	-	35,262
Other	<u>19,425</u>	<u>-</u>	<u>19,425</u>
Totals	<u>\$ 58,476</u>	<u>\$ 158,378</u>	<u>\$ 216,854</u>

(7) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2024 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>5,441,458</u>
Total	<u>\$ 5,446,013</u>



TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Restricted Assets

Restricted assets at June 30, 2024 consist of the following:

Customers' deposits	\$143,147
Bond sinking fund	48,501
Bond reserve fund	48,271
Depreciation and contingency fund	<u>185,374</u>
Total restricted assets	<u>\$425,293</u>

(9) Capital Assets

Capital asset activity for the year ended June 30, 2024 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 258,190	\$ -	\$ -	\$ 258,190
Other capital assets:				
Buildings and improvements	1,787,422	17,049	-	1,804,471
Machinery and equipment	1,059,741	20,083	-	1,079,824
Vehicles	413,766	83,032	-	496,798
Totals	<u>3,519,119</u>	<u>120,164</u>	<u>-</u>	<u>3,639,283</u>
Less accumulated depreciation				
Buildings and improvements	1,075,873	72,392	-	1,148,265
Machinery and equipment	1,037,062	7,265	-	1,044,327
Vehicles	257,808	48,977	-	306,785
Total accumulated depreciation	<u>2,370,743</u>	<u>128,634</u>	<u>-</u>	<u>2,499,377</u>
Governmental activities, capital assets, net	<u>\$1,148,376</u>	<u>\$ (8,470)</u>	<u>\$ -</u>	<u>\$1,139,906</u>

Depreciation expense was charged to governmental activities as follows.

General government	\$ 65,342
Police	43,321
Fire	7,406
Streets	<u>12,565</u>
Total depreciation expense	<u>\$128,634</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
Construction in progress	441,557	538,728	-	980,285
Other capital assets.				
Utility system and extensions	7,746,393	-	-	7,746,393
Machinery and equipment	146,734	-	-	146,734
Vehicles	36,589	-	-	36,589
Totals	<u>8,506,538</u>	<u>538,728</u>	<u>-</u>	<u>9,045,266</u>
Less accumulated depreciation				
Utility system and extensions	5,958,435	122,800	-	6,081,235
Machinery and equipment	66,738	8,508	-	75,246
Vehicles	35,089	1,500	-	36,589
Total accumulated depreciation	<u>6,060,262</u>	<u>132,808</u>	<u>-</u>	<u>6,193,070</u>
Business-type activities, capital assets, net	<u>\$2,446,276</u>	<u>\$ 405,920</u>	<u>\$ -</u>	<u>\$2,852,196</u>

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

Gas system	\$ 4,815
Water system	71,932
Sewer system	<u>56,061</u>
Total depreciation expense	<u>\$132,808</u>

(10) Accounts and Other Payables

The accounts and other payables at June 30, 2024 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts and other payables	\$ 95,443	\$ 156	\$ 95,599
Retainage payable	-	31,270	31,270
Accrued salaries and benefits	<u>12,549</u>	<u>700</u>	<u>13,249</u>
Totals	<u>\$ 107,992</u>	<u>\$ 32,126</u>	<u>\$ 140,118</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the Town for the year ended June 30, 2024:

	<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	\$3,412,427	\$3,000,000	\$ 133,385	\$6,279,042	\$ 57,000
Direct borrowings:					
Loans payable	<u>44,270</u>	<u>-</u>	<u>39,058</u>	<u>5,212</u>	<u>5,212</u>
	<u>\$3,456,697</u>	<u>\$3,000,000</u>	<u>\$ 172,443</u>	<u>\$6,284,254</u>	<u>\$ 62,212</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, 2024 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.	<u>\$ 45,000</u>	<u>\$22,000</u>

continued

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

	<u>Total</u>	<u>Current Portion</u>
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.	\$ 331,000	\$20,000
\$88,796 equipment loan dated July 8, 2021; interest at 3.95%	5,212	5,212
\$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.	2,322,000	5,000
\$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.	588,561	10,000
\$3,000,000 Taxable Utility Revenue Bonds, Series 2024 due in annual installments ranging from \$137,000 to \$164,000 through October 1, 2044; interest at 0.45%; for the purpose of constructing and acquiring extensions, improvements, and replacements to the sewerage system of the Town. The bonds were sold to the Louisiana Department of Environmental Quality, Clean Water Revolving Loan Fund. 9.1% 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>2,992,481</u>	<u>-</u>
Total bonds payable applicable to business-type activities	<u>\$6,239,254</u>	<u>\$40,212</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

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
2025	\$ 22,000	\$ 1,633	\$ 40,212	\$ 21,759	\$ 62,212	\$ 23,392
2026	23,000	558	236,000	71,696	259,000	72,254
2027	-	-	239,000	69,024	239,000	69,024
2028	-	-	245,000	66,285	245,000	66,285
2029	-	-	249,000	63,466	249,000	63,466
2030-2034	-	-	1,299,000	271,608	1,299,000	271,608
2035-2039	-	-	1,383,000	192,514	1,383,000	192,514
2040-2044	-	-	1,477,561	119,808	1,477,561	119,808
2045-2049	-	-	644,481	56,469	644,481	56,469
2050-2052	-	-	426,000	66,982	426,000	66,982
Total	<u>\$ 45,000</u>	<u>\$ 2,191</u>	<u>\$6,239,254</u>	<u>\$999,610</u>	<u>\$6,284,254</u>	<u>\$1,001,801</u>

(12) 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, 2024, the monthly sinking fund transfers were made as required by the agreement.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Business-Type Activities: Utility Revenue Bonds -

Under the terms of the \$440,000 Taxable Utility Revenue Bonds issued December 23, 2017, the \$2,237,000 Taxable Utility Revenues Bonds, Series 2022A and the \$689,000 Taxable Utility Revenue Bonds, Series 2022B issued December 16, 2022, and the \$3,000,000 Taxable Utility Revenue Bonds issued May 23, 2024, 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 \$86,810. 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 \$125,000. 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 \$125,000, such payments shall be resumed and continued until the said maximum amount is again accumulated.

During the year ended June 30, 2024, 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)

(13) 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 <sup>2</sup>
Years of service required and/or age eligible for benefits	25 years of any age 10 years age 60 20 years any age <sup>1</sup>	25 years of any age 20 years age 55 12 years age 55 20 years any age <sup>1</sup> 30 years any age <sup>3</sup> 25 years age 55 <sup>3</sup> 10 years age 60 <sup>3</sup>
Benefit percent per years of service	3.00%	2.50 - 3.33% <sup>4</sup>

<sup>1</sup> With actuarial reduced benefits

<sup>2</sup> Membership commencing January 1, 2013

<sup>3</sup> Under non hazardous duty sub plan commencing January 1, 2013

<sup>4</sup> 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, 2024 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%	\$ 3,827	\$ 28,083
MPERS	10.00%	33.925%	\$ 8,246	\$ 34,546

**Net Pension Liability**

The Town’s net pension liability at June 30, 2024 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, 2023 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	\$ 185,930	0.050872%	-0.027753%
MPERS	377,761	0.035756%	0.015808%
Total	\$ 563,691		



TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Since the measurement date of the net pension liability was June 30, 2023, 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:

	<u>MERS</u>	<u>MPERS</u>
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.

	MERS	MPERS
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 are 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	29%	1.26%	34.0%	1.12%
Equities	56%	2.44%	52.0%	3.29%
Alternative Investments	15%	0.65%	14.0%	0.95%
Totals	<u>100%</u>	<u>4.35%</u>	<u>100%</u>	<u>5.36%</u>
Inflation		<u>2.50%</u>		<u>2.54%</u>
Expected Nominal Return		<u>6.85%</u>		<u>7.90%</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, 2024, the Town recognized \$104,884 in pension expense (benefit) related to all defined benefit plans in which it participates. MERS and MPERS recognized revenues in the amount of \$12,073 in ad valorem taxes and insurance premium tax monies collected from nonemployer contributing entities.

At June 30, 2024, 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	\$ 26,735	\$ 1,858
Changes of assumptions	6,304	-
Net difference between projected and actual earnings on pension plan investments	62,146	-
Change in proportion and differences between employer contributions and proportionate share of contributions	119,446	67,315
Employer contributions subsequent to the measurement date	<u>62,629</u>	<u>-</u>
Total	<u>\$277,260</u>	<u>\$69,173</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$62,629 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the subsequent year. 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 <u>June 30</u>	<u>Net Amount Recognized in Pension Expense</u>
2025	\$ 44,904
2026	15,568
2027	88,374
2028	<u>(3,388)</u>
	<u>\$ 145,458</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.

<u>Plan</u>	<u>Current Discount Rate</u>	<u>Net Pension Liability</u>		
		<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
MERS	6.85%	\$ 257,769	\$ 185,930	\$ 125,248
MPERS	6.75%	<u>531,540</u>	<u>377,761</u>	<u>249,299</u>
Total		<u>\$ 789,309</u>	<u>\$ 563,691</u>	<u>\$ 374,547</u>

**Payables to Pension Plans**

At June 30, 2024, the Town reported payables of \$5,718 for the outstanding amount of contributions due to the retirement systems for the year.

(14) 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)

(15) Litigation and Claims

At June 30, 2024, 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.

(16) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen and firemen \$27,340 of supplemental pay during the year ended June 30, 2024. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(17) 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, 2024 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 29,570
Reimbursements	<u>2,004</u>
Total	<u>\$ 31,574</u>

(18) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2024 follows:

Charles James, Mayor	\$29,570
Aldermen.	
Bernice Smith	\$ 7,325
Mark Pitre	6,908
Joseph Darrell Burleigh	6,525
Robert L. Carmouche	4,600
Devin A. Henry	1,850
Jarrod Shaw	4,000
Katherine S. Charles	<u>1,925</u>
	<u>\$62,703</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(19) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2024:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major funds:		
Governmental funds:		
General Fund	\$ 563,892	\$ 294,379
Sales Tax Special Revenue Fund	230,499	-
Proprietary fund:		
Utility Fund	-	481,179
Nonmajor funds:		
Governmental funds:		
Debt Service Fund	-	18,833
Total	<u>\$ 794,391</u>	<u>\$ 794,391</u>

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

B. Transfers consisted of the following at June 30, 2024:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
Governmental funds:		
General Fund	\$1,082,877	\$ -
Sales Tax Special Revenue Fund	-	1,106,033
Nonmajor funds:		
Governmental funds:		
Debt Service Fund	23,156	-
Total	<u>\$1,106,033</u>	<u>\$1,106,033</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, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 340,750	\$ 335,703	\$ 330,669	\$ (5,034)
Licenses and permits	205,500	201,201	213,650	12,449
Intergovernmental	91,825	425,533	407,344	(18,189)
Fines and forfeits	327,550	195,939	227,144	31,205
Miscellaneous	63,325	85,835	107,512	21,677
Total revenues	<u>1,028,950</u>	<u>1,244,211</u>	<u>1,286,319</u>	<u>42,108</u>
<b>Expenditures:</b>				
General government	716,500	867,061	822,947	44,114
Public safety -				
Police	745,075	789,879	748,648	41,231
Fire	174,500	225,965	262,737	(36,772)
Streets	201,786	260,556	255,630	4,926
Debt service	22,605	22,605	8,844	13,761
Capital outlay	15,100	83,032	119,864	(36,832)
Total expenditures	<u>1,875,566</u>	<u>2,249,098</u>	<u>2,218,670</u>	<u>30,428</u>
Deficiency of revenues over expenditures	<u>(846,616)</u>	<u>(1,004,887)</u>	<u>(932,351)</u>	<u>72,536</u>
<b>Other financing sources:</b>				
Transfers in	<u>925,000</u>	<u>1,027,877</u>	<u>1,082,877</u>	<u>55,000</u>
Net change in fund balance	78,384	22,990	150,526	127,536
Fund balance, beginning	<u>1,551,590</u>	<u>1,551,590</u>	<u>1,551,590</u>	<u>-</u>
Fund balance, ending	<u>\$1,629,974</u>	<u>\$1,574,580</u>	<u>\$1,702,116</u>	<u>\$ 127,536</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, 2024

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 780,000	\$ 920,435	\$ 968,599	\$ 48,164
Miscellaneous - interest and other	300	133	132	(1)
Total revenues	780,300	920,568	968,731	48,163
Expenditures:				
General government -				
Collection fees	13,975	14,734	6,879	7,855
Professional fees	3,150	2,123	1,642	481
Office expense	75	61	1,037	(976)
Total expenditures	17,200	16,918	9,558	7,360
Excess of revenues over expenditures	763,100	903,650	959,173	55,523
Other financing uses:				
Transfers out	(927,000)	(1,027,877)	(1,106,033)	(78,156)
Net change in fund balance	(163,900)	(124,227)	(146,860)	(22,633)
Fund balance, beginning	495,760	495,760	495,760	-
Fund balance, ending	\$ 331,860	\$ 371,533	\$ 348,900	\$ (22,633)

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, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 420,000	\$ 287,747	\$ 291,047	\$ 3,300
Expenditures:				
General government -				
Collection fees	<u>7,525</u>	<u>5,458</u>	<u>2,887</u>	<u>2,571</u>
Net change in fund balance	412,475	282,289	288,160	5,871
Fund balance, beginning	<u>514,636</u>	<u>514,636</u>	<u>514,636</u>	<u>-</u>
Fund balance, ending	<u>\$ 927,111</u>	<u>\$ 796,925</u>	<u>\$ 802,796</u>	<u>\$ 5,871</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, 2024

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
<b>Municipal Employees' Retirement System of Louisiana - Plan A:</b>					
2024	\$ 185,930	0.050872%	\$ 102,251	181.84%	72.46%
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%
<b>Municipal Police Employees' Retirement System of Louisiana:</b>					
2024	\$ 377,761	0.035756%	\$ 121,134	311.85%	71.30%
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.

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, 2024

<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>
<b>Municipal Employees' Retirement System of Louisiana - Plan A:</b>					
2024	\$ 28,083	\$ 28,083	-	\$ 95,198	29.50%
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%
<b>Municipal Police Employees' Retirement System of Louisiana:</b>					
2024	\$ 34,546	\$ 34,546	-	\$ 101,831	33.925%
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%

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.

TOWN OF SUNSET, LOUISIANA

Notes to Required Supplementary Information

(2) 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, 2024 for the various pension plans reflect the following changes used to measure the total pension liability:

* Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
<b>Municipal Employees' Retirement System of Louisiana - Plan A:</b>					
2024	6.85%	6.85%	2.50%	3	4.5-6.4%
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%
<b>Municipal Police Employees' Retirement System of Louisiana:</b>					
2024	6.75%	6.75%	2.50%	4	4.70-12.30%
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: 6/30/2024

	First Six Month Period Ended <u>December 31, 2023</u>	Second Six Month Period Ended <u>June 30, 2024</u>
<b>Cash Basis Presentation</b>		
<b>Beginning balance of amounts collected</b>	\$ -	\$ -
<b>Add: Collections</b>		
Bond fees	16,401	13,655
Criminal fines - other	<u>99,714</u>	<u>107,133</u>
<b>Subtotal Collections</b>	<u>116,115</u>	<u>120,788</u>
<b>Less Disbursements to Governments &amp; Nonprofits</b>		
Louisiana Association of Chiefs of Police/Cost	824	1,192
St. Landry Crime Stoppers, Inc./Cost	824	1,192
CMIS/Cost	1,374	1,788
Louisiana Supreme Court/Cost	246	286
Louisiana Commission on Law Enforcement/Fees and cost	962	1,168
Louisiana Department of Health Traumatic Head & Spinal Cord Injury Trust/Cost	895	1,970
Acadiana Criminalistics Laboratory Commission/Cost	12,690	12,678
<b>Less Amounts Retained by Collecting Agency</b>		
<b>Amount "self-disbursed" to collecting agency</b>		
Criminal fines costs - other	98,300	100,374
<b>Less Disbursements to Individuals/3rd party collection or processing agencies:</b>		
Bond fee refunds	<u>-</u>	<u>140</u>
<b>Subtotal Disbursements/Retainage</b>	<u>116,115</u>	<u>120,788</u>
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained</b>	<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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 7, 2024.

### 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2024-001, 2024-002 and 2024-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management’s corrective action plan as item 2024-004 to be a significant deficiency.

### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management’s corrective action plan as items 2024-005 and 2024-006.

### **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 current and prior year audit findings and management’s corrective action plan. 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  
November 7, 2024

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2024

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

**2024-001 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.

**2024-002 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.

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2024

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.

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.

**2024-003 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.

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2024

**2024-004 Cutoff Policy**

Fiscal year finding initially occurred: 2024

**CRITERIA:** The Town's cutoff policy states that a utility customer will be considered delinquent if the account balance is not paid by the 5<sup>th</sup> of the month. A 1.5% penalty and a \$2 notice fee should be applied to all accounts delinquent after the 5<sup>th</sup> of the month. Accounts are to be cut off after the 15<sup>th</sup> of the month after becoming delinquent.

**CONDITION:** During a test of utility accounts of the Town's customers, it was noted that some accounts are not being paid in full or timely, and the customers, including employees and town officials, continue to receive service in violation of the Town's cutoff policy.

**CAUSE:** The Town has not properly followed its established policies and procedures regarding delinquent accounts and the proper cut-off procedures to disconnect services related to nonpayment by customers.

**EFFECT:** Failure to follow established policies and procedures increases the risk of not having continuity of operations and the risk of long outstanding collections of utility service revenue.

**RECOMMENDATION:** Management should consistently comply with its established cutoff policy and cut off utility services of customers, including employees and Town of officials, who do not pay within the time limit stated in the cutoff policy.

**MANAGEMENT'S CORRECTION ACTION PLAN.** The Town will adhere to the established cutoff policy in the future.

B. Compliance Findings -

**2024-005 Uncollateralized Deposits**

Fiscal year finding initially occurred: 2024

**CRITERIA:** LA R.S. 39:1225 states that the amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

**CONDITION:** The Town had unsecured deposits of approximately \$161,977 at one financial institution at June 30, 2024.

**CAUSE:** The Town did not have adequate controls or policies and procedures established to ensure deposits were properly secured as required by LA R.S. 39:1225

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2024

EFFECT: Failure to fully secure bank balances increases the risk of loss and is a violation of state law.

RECOMMENDATION. The Town should implement control procedures to ensure deposits are adequately secured at all times as required by LA R.S. 39:1225

MANAGEMENT'S CORRECTION ACTION PLAN: The Town received a large deposit shortly before year end which caused the Town's total deposits to exceed the total amounts secured. Additional securities were not pledged on June 30, 2024, due to an oversight; however, the matter was corrected by July 1, 2024. All deposits are fully secured as of the date of this report.

**2024-006 Noncompliance with Bond Covenant**

Fiscal year finding initially occurred: 2024

CRITERIA: The various bond ordinances for the Town's Utility Revenue Bonds include a rate covenant which requires the Town to establish rates that will provide revenues in each year, after paying all reasonable and necessary expense of operating and maintaining the utility system, at least equal to 125% of the largest amount of principal and interest maturing on the bonds in any future bond year. The rate covenant also states that in the event and to the extent that the revenues of the system are insufficient to satisfy the obligations payable from the funds and accounts described in the bond ordinance, or the rate covenant, the Town may take into account other lawfully available sources of funding, provided that the amount of such funding shall be actually budgeted for such purposes at the beginning of each fiscal year.

CONDITION. The Town's computed debt service coverage ratio was less than the required 125% for the year June 30, 2024. Although other lawfully available sources of funding were available, the Town did not budget any such transfers in the utility fund for the fiscal year.

CAUSE: The Town did not budget transfers of lawfully available sources of funding to the utility fund as allowed by the bond ordinance. As a result, the Town's computed debt service coverage ratio was less than the required 125%.

EFFECT: The Town did not comply with the provisions of the rate covenant related to its various utility revenue bond issues.

RECOMMENDATION. It is recommended that the Town include transfers of lawfully available sources of funding to the Utility Fund when preparing its operating budget each fiscal year.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will include transfers of lawfully available sources of funding to the Utility Fund when preparing its operating budget each fiscal year.

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2024

Part II. Prior Year Findings

A. Internal Control Findings -

**2023-001 Inadequate Segregation of Accounting Functions**

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

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2024-001.

**2023-002 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 errors in a timely manner.

CURRENT STATUS: Unresolved. See finding 2024-002.

**2023-003 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 finding 2024-003.



TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2024

B. Compliance Finding -

**2023-004 Noncompliance with Budget Act**

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.

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

CURRENT STATUS: Resolved.

**TOWN OF SUNSET, LOUISIANA**

**Statewide Agreed-Upon Procedures Report**

**Year Ended June 30, 2024**

# KOLDER, SLAVEN & COMPANY, LLC

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## 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, 2023 through June 30, 2024. 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, 2023 through June 30, 2024. 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.

*Written policies and procedures were obtained and do not 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.

*Written policies and procedures were obtained and do not address the functions noted above.*

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

*Written policies and procedures were obtained and do not 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).  
*Written policies and procedures were obtained and do not 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.  
*Written policies and procedures were obtained and do not 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.  
*Written policies and procedures were obtained and do not 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.  
*Written policies and procedures were obtained and do not 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).  
*Written policies and procedures were obtained and do not 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.  
*Written policies and procedures were obtained and do not 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  
*Written policies and procedures were obtained and do not 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.  
*Written policies and procedures were obtained and do not 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.  
*Written policies and procedures were obtained and do not address the functions noted above.*

## **2) Board or Finance Committee**

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- 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.  
*No exceptions were found as a result of this procedure.*
  - 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 comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*  
*The Town's minutes did not reference or include monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, 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  
*The board/finance committee received no 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**

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- 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 management's 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);  
*No exceptions were found as a result of this procedure.*
  - 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

within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged), and

*Bank reconciliations selected for testing did not 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 within 1 month of the date the reconciliation was prepared.*

- 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.

*For 4 out of the 5 bank reconciliations selected for testing, there was no documentation reflecting if management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.*

#### ***4) Collections (excluding electronic funds transfers)***

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- 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 management's 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 also share the same cash drawers/registers.*

- ii. Each employee responsible for collecting cash is not also 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 also 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 collection entries to the general ledger or subsidiary ledgers.*

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

*Observed that employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, 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 that the bond or insurance policy for theft was in force 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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and

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

*No exceptions were found as a result of the procedure*

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

*No exceptions were found as a result of this procedure.*

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

*No exceptions were found as a result of this procedure.*

- 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).

*No exceptions were found as a result of this procedure.*

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

*No exceptions were found as a result of this procedure.*

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

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- 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 management's 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 at least two employees are not 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.*

- 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

*No exceptions were found as a result of this procedure.*

- 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.

*Disbursements selected for testing did not include 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.*

*2 of the 5 non-payroll-related electronic disbursements selected for testing were approved by persons not authorized to disburse funds and were not approved by the required number of authorized signers.*



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

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- 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

*The monthly statements selected for testing were not reviewed or 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.

*No exceptions were found as a result of this procedure.*

- 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 inspection). 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.

*For 2 out of the 4 transactions selected for testing, the transactions were not supported by an original itemized receipt that identifies precisely what was purchased and did not contain written documentation of the business/public purpose.*

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

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- 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 management's 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](http://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 the reimbursement.  
*No exceptions were found as a result of this procedure.*

### **8) Contracts**

***The Town of Sunset, Louisiana, did not have any agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Therefore, the attributes 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;
  - 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);
  - 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, the documented approval); and
  - 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.

### **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 management's 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):  
*No exceptions were found as a result of this procedure.*
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials:  
*No exceptions were found as a result of this procedure.*
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and  
*No exceptions were found as a result of this procedure.*
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.  
*No exceptions were found as a result of this procedure.*
- 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 were 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.  
*No exceptions were found as a result of this procedure.*

## **10) Ethics**

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- 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  
*No exceptions were found as a result of this procedure.*
  - 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.  
*No exceptions were found as a result of this procedure.*
- 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***

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- 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 balance 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***

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- 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 funds and 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.

*No exceptions were found as a result of this procedure.*

### ***13) Information Technology Disaster Recovery/Business Continuity***

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- 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 Payroll and Personnel procedures #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.*

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42.1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

*No exceptions were found as a result of this procedure.*

#### ***14) Prevention of Sexual Harassment***

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- 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.

*No exceptions were found as a result of this procedure.*

- 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).

*No exceptions were found as a result of this procedure.*

- 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***

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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  
November 7, 2024