

Village of Sun, Louisiana

**Annual Financial Statements
As of and for the Year Ended June 30, 2013
and Independent Accountants' Review Report**

VILLAGE OF SUN, LOUISIANA

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position	2
Statement of Activities	3
FUND FINANCIAL STATEMENTS	
Governmental Funds:	
Balance Sheet	4
Reconciliation of the Governmental Fund Balances to the Statement of Net Position	5
Statement of Revenues, Expenditures, and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	7
Proprietary fund – Waterworks System Enterprise Fund:	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11
SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedules	20
Schedule of Compensation Paid to Aldermen	21
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	
Independent Accountants' Report on Applying Agreed-Upon Procedures for Compliance with Laws and Regulations	22
CURRENT YEAR FINDINGS AND QUESTIONED COSTS	25
PRIOR YEAR FINDINGS AND QUESTIONED COSTS	27

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

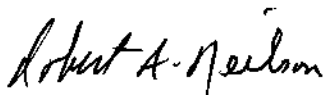
I have reviewed the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Village of Sun, Louisiana (the Village) as of and for the year ended June 30, 2013, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village of Sun, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

The management of the Village of Sun, Louisiana 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

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

Management has omitted the management 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 which considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of my review of the basic financial statements are not affected by this missing information.



Bogalusa, Louisiana
June 4, 2015

VILLAGE OF SUN, LOUISIANA
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$50,579	\$26,377	\$76,956
Investments	18,015		18,015
Receivables (net of allowances for uncollectibles)	74,183	60,800	134,983
Internal balances			
Restricted cash and cash equivalents	39,694		39,694
Buildings, improvements, and equipment (net)	214,527		214,527
Utility plant and equipment (net)		48,442	48,442
TOTAL ASSETS	396,998	135,619	532,617
DEFERRED OUTFLOWS OF RESOURCES			0
LIABILITIES			
Accounts payable	28,246		28,246
Payroll Tax Liabilities	40,755		40,755
Payroll Tax Liabilities - Penalties & Interest	25,942		25,942
TOTAL LIABILITIES	94,943	0	94,943
DEFERRED INFLOWS OF RESOURCES			0
NET POSITION			
Net investment in capital assets	214,527	48,442	262,969
Restricted for:			
Public improvements			0
Waterworks maintenance			0
Unrestricted	87,528	87,177	174,705
TOTAL NET POSITION	\$302,055	\$135,619	\$437,674

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

**VILLAGE OF SUN, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30,
2013**

	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$138,735				(\$138,735)		(\$138,735)
Public Safety	44,406				(44,406)		(44,406)
Waterworks operation and maintenance	1,900				(1,900)		(1,900)
Total governmental activities	185,041	0	0	0	(185,041)	0	(185,041)
BUSINESS -TYPE ACTIVITIES							
Waterworks	94,137	102,571				8,434	8,434
Total business-type activities	94,137	102,571	0	0	0	8,434	8,434
TOTAL PRIMARY GOVERNMENT	\$279,178	\$102,571	\$0	\$0	(\$185,041)	\$8,434	(\$176,607)
GENERAL REVENUES							
Grants					37,668		37,668
Taxes					54,878		54,878
Fines and forfeitures					35,121		35,121
Franchise fees					3,857		3,857
Licenses					9,759		9,759
Skating rink revenue					14,523		14,523
Mowing contract revenue					7,100		7,100
Fideo bingo revenue					47,146		47,146
Investment earnings					115	10	125
Other general revenues					17,632		17,632
TOTAL GENERAL REVENUES					227,799	10	227,809
CHANGE IN NET POSITION					42,758	8,444	51,202
NET POSITION-Beginning of year					259,297	127,175	386,472
NET POSITION-End of year					\$302,055	\$135,619	\$437,674

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

VILLAGE OF SUN, LOUISIANA
BALANCE SHEET
June 30, 2013

	General Fund	Special Revenue Funds		Total Governmental Funds
		Sales and Use Tax	Special Sales Tax	
ASSETS				
Cash and cash equivalents	\$10,291	\$36,099	\$4,189	\$50,579
Restricted cash and cash equivalents	39,694			39,694
Investments			18,015	18,015
Receivables	74,183			74,183
Due From Other Funds		36,042	60	36,102
TOTAL ASSETS	\$124,168	\$72,141	\$22,264	\$218,573
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$28,246			\$28,246
Due To Other Funds	36,102			36,102
Payroll Tax Liabilities	40,755			40,755
Payroll Tax Liabilities-Penalties & Interest	25,942			25,942
TOTAL LIABILITIES	131,045	0	0	131,045
FUND BALANCES				
Reserved for public improvements		72,141		72,141
Reserved for water system operations and maintenance			22,264	22,264
Unreserved, undesignated	(6,877)			-6,877
TOTAL FUND BALANCES	(6,877)	72,141	22,264	87,528
TOTAL LIABILITIES AND FUND BALANCES	\$124,168	\$72,141	\$22,264	\$218,573

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

VILLAGE OF SUN, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES TO THE
STATEMENT OF NET POSITION
June 30, 2013

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Fund balances, total governmental funds	\$ 87,528
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>214,527</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$302,055</u>

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

VILLAGE OF SUN, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR YEAR ENDED June 30, 2013

	General Fund	Sales and Use Tax	Special Sales Tax	Governmental Funds
REVENUES				
Taxes	\$0	\$54,878		\$54,878
Government grants and contracts	37,668			37,668
Fines and forfeitures	35,121			35,121
Franchise fees	12,196			12,196
Licenses	9,759			9,759
Skating rink revenue	14,523			14,523
Mowing contract revenue		7,100		7,100
Video bingo revenue	47,146			47,146
Interest income	72	39	4	115
Other revenues	7,884		1,410	9,294
TOTAL REVENUES	164,369	62,017	1,414	227,800
EXPENDITURES				
General government	77,512	36,180		113,692
Public safety	44,406			44,406
Capital outlay	43,333			43,333
Waterworks operation and maintenance		1,900		1,900
TOTAL EXPENDITURES	165,251	38,080	0	203,331
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(882)	23,937	1,414	24,469
NET CHANGE IN FUND BALANCES	(882)	23,937	1,414	24,469
FUND BALANCES - Beginning of year	(5,995)	48,204	20,850	63,059
FUND BALANCES - End of year	(\$6,877)	\$72,141	\$22,264	\$87,528

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

VILLAGE OF SUN, LOUISIANA
RECONCILIATION OF THE STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30, 2013

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net changes in fund balances, total governmental funds	\$ 24,469
Governmental funds report capital outlays as expenditures. However, in the Statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>18,289</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 42,758</u>

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

VILLAGE OF SUN, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND – WATERWORKS SYSTEM ENTERPRISE FUND
June 30, 2013

ASSETS	
Cash and cash equivalents	\$26,377
Receivables (net)	60,800
Due from other funds	
Utility plant and equipment	256,278
Accumulated depreciation	<u>(207,836)</u>
TOTAL ASSETS	<u><u>\$135,619</u></u>
DEFERRED OUTFLOWS OF RESOURCES	0
LIABILITIES	
Accounts payable and accrued liabilities	\$0
Deferred revenue	<u> </u>
TOTAL LIABILITIES	0
DEFERRED INFLOWS OF RESOURCES	0
NET POSITION	
Invested in fixed assets, net of related debt	48,442
Unrestricted	<u>87,177</u>
TOTAL NET POSITION	<u><u>135,619</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$135,619</u></u>

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

VILLAGE OF SUN, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND – WATERWORKS SYSTEM ENTERPRISE FUND
FOR THE YEAR ENDED June 30, 2013

OPERATING REVENUES	
Water and service charges	\$102,571
Grants	<u> 0</u>
TOTAL OPERATING REVENUES	102,571
OPERATING EXPENSES	
Billing and collecting expenses	3,231
Water operations and maintenance	11,344
Insurance	5,897
Utilities and telephone	32,929
Wages	26,610
Depreciation	<u>14,126</u>
TOTAL OPERATING EXPENSES	<u>94,137</u>
OPERATING INCOME	8,434
NONOPERATING REVENUE	
Interest Income	<u> 10</u>
TOTAL NONOPERATING REVENUE	<u> 10</u>
CHANGE IN NET POSITION	8,444
NET POSITION - Beginning of year	<u>127,175</u>
NET POSITION - End of year	<u><u>\$135,619</u></u>

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

**VILLAGE OF SUN, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND – WATERWORKS SYSTEM ENTERPRISE FUND
FOR THE YEAR ENDED June 30, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net position	8,444
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	14,126
Changes in operating assets and liabilities:	
Increase in Accounts Receivable	(15,952)
Increase in Fixed Assets	0
Decrease in Accounts payable and accrued liabilities	(1,190)
Deferred revenue	<u>0</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,428</u>
INCREASE IN CASH AND CASH EQUIVALENTS	5,428
CASH AND CASH EQUIVALENTS - Beginning of year	<u>20,949</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$26,377</u></u>

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

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

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

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

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

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

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

The Village reports the following major governmental funds:

General Fund

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

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Measurement Focus, Basis of Accounting, and Financial Statement Presentation(Continued)

Special Revenue Funds

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

Sales and Use Tax Fund

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

Special Sales and Use Tax Fund

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

The Village reposts the following major proprietary funds:

Proprietary Fund – Enterprise

An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The waterworks system of the Village is funded primarily through user fees collected from approximately thirty (30) customers of the system.

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

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

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

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

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

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

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

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

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

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

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Capital Assets(Continued)

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

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

In accordance with the Louisiana Local Government Budget Act, the procedures used by the Village in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings. The Board of Aldermen then legally adopts the budget. Budgeted amounts included in the accompanying statements were adopted as amended by the Board of Aldermen as of June 30, 2013.

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

Use of Estimates in the Preparation of Financial Statements – The preparation of the Village’s financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities as of June 30, 2013. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in the 2013 financial statements.

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

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE B – CASH AND CASH EQUIVALENTS

At June 30, 2013 the Village had cash and cash equivalents (book balances) totaling \$116,650 as follows:

	<u>Unrestricted</u>	<u>Restricted</u>
Demand Deposits	<u>\$76,956</u>	<u>\$39,694</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2013, the Village had \$135,967 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance as of June 30, 2013.

NOTE C – INVESTMENTS

An investment of \$18,015, which is stated at cost and approximates market at June 30, 2013, is invested in the Louisiana Asset Management Pool, Inc. (LAMP). In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB because the investment is in a pool of funds thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities; as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE D – RECEIVABLES

Receivables at June 30, 2013 consisted of the following:

	Fund	Revenue	Proprietary	Total
Receivables:				
Taxes	\$36,515			\$36,515
Grants	\$37,668			\$37,668
Water and service charges			60,800	60,800
Net Receivables	<u>\$74,183</u>	<u>0</u>	<u>60,800</u>	<u>\$134,983</u>

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

NOTE E – CAPITAL ASSETS

The following is a summary of the change in capital assets of the governmental activities for the fiscal year ended June 30, 2013

Governmental Activities	June 30, 2012	Additions	Deletions	June 30, 2013
Capital Assets not being depreciated:				
Construction in Progress	\$8,724	\$2,230	\$5,000	\$5,954
Capital Assets being depreciated:				
Buildings and improvements	230,187	44,689		274,876
Equipment	178,644	1,412		180,056
Total capital assets being depreciated	408,831	46,101	0	454,932
Less accumulated depreciation for:				
Buildings and improvements	96,370	9,464		105,834
Equipment	124,946	15,579		140,525
	<u>221,316</u>	<u>25,043</u>	<u>0</u>	<u>246,359</u>
Total capital assets after depreciation	<u>\$196,239</u>	<u>\$23,288</u>	<u>\$5,000</u>	<u>\$214,527</u>

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE F – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The payables at June 30, 2013 were as follows:

	General Fund	Special Revenue Funds	Proprietary Fund	Total
Accounts Payable	\$28,246			\$28,246
Accrued payroll liabilities	66,697			66,697
	<u>\$94,943</u>	<u>\$0</u>	<u>\$0</u>	<u>\$94,943</u>

NOTE G – UTILITY DEPOSITS

Subsidiary records of customer liability utility deposits are not maintained. Therefore, the actual liability of customer utility deposits could not be determined or recorded in the financial statements as of June 30, 2013. Refunds of utility deposits are recorded as a reduction to utility income in the period they are refunded. Management believes that utility deposit and subsequent refunds are not material to the financial statements in the current period.

NOTE H – PAYROLL TAX LIABILITIES

The payroll liabilities of \$40,755 reflect the approximate amounts owing as of the fiscal period end date. There is a separate liability account for the penalties and interest totaling \$25,942. The Village of Sun is being assigned a revenue agent to aid them in having the penalties and interest reduced and/or abated.

NOTE I – HURRICANES

In August 2005, the Village was impacted by Hurricane Katrina and, subsequently, in September 2008, the Village was impacted by Hurricane Gustav. The hurricanes caused damage to several buildings and downed numerous trees. As of June 30, 2013, the Village incurred cumulative related expenditures of \$237,909, of which \$8,001 was incurred for the year June 30, 2013. The Village set up a separate bank account to monitor the funds received from the Federal Emergency Management Agency (FEMA) and, the balance in the hurricane bank account was \$39,964 as of June 30, 2013, and is classified as restricted cash on the statement of net assets.

**VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 5, 2015, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE K - INTER-FUND TRANSACTIONS

Inter-fund balances are from sales taxes received on behalf of the sales and use tax and special sales and use tax funds. Individual balances due from/to other funds at June 30, 2013 were as follows:

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund		\$36,102
Special Revenue Funds:		
Sales and use tax	36,042	
Special sales and use tax	60	
Proprietary fund		
	\$36,102	\$36,102

**VILLAGE OF SUN
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Actual GAAP Basis	Original Budget	Final Budget	Variance with Final Budget Favorable/ Unfavorable
REVENUES				
Taxes	54,878	20,000	20,000	34,878
Government grants and contracts	37,668	24,000	24,000	13,668
Fines and forfeitures	35,121	40,000	40,000	(4,879)
Franchise fees	12,196			12,196
Licenses	9,759	7,000	7,000	2,759
Recreation	14,523	19,000	19,000	(4,477)
Mowing contract revenue	7,100	7,100	7,100	0
Video bingo revenue	47,146	55,000	55,000	(7,854)
Interest income	115			115
Other revenues	9,294	15,000	15,000	(5,706)
TOTAL REVENUES	<u>227,800</u>	<u>187,100</u>	<u>187,100</u>	<u>40,700</u>
EXPENDITURES				
General government	113,692	115,000	115,000	1,308
Government grants and contracts		24,000	24,000	24,000
Public safety	44,406	35,000	35,000	(9,406)
Recreation		3,500	3,500	3,500
Capital outlay	43,333	10,000	10,000	(33,333)
Waterworks operation and maintenance	1,900	0	0	(1,900)
TOTAL EXPENDITURES	<u>203,331</u>	<u>187,500</u>	<u>187,500</u>	<u>(15,831)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	24,469	(400)	(400)	(24,869)
FUND BALANCES - Beginning of year	<u>63,059</u>	<u>63,059</u>	<u>63,059</u>	
FUND BALANCES - End of year	<u>\$87,528</u>	<u>\$62,659</u>	<u>\$62,659</u>	<u>(\$24,869)</u>

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

**VILLAGE OF SUN, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO ALDERMEN
FOR THE YEAR ENDED JUNE 30, 2013**

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

Aldermen	Number	Amount
Burrell Mullet	12	\$ 600
Clint Shaw	12	600
Will Talley	12	<u>600</u>
Total		<u>\$1,800</u>

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

ROBERT A. NEILSON
CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

ROBERT A. NEILSON
MEMBER
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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT
ON APPLYING AGREED-UPON PROCEDURES FOR COMPLIANCE
WITH LAWS AND REGULATIONS**

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

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Village of Sun, Louisiana (the Village) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended June 30, 2013, included in the accompanying Louisiana Attestation Questionnaire. Management of the Village of Sun is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

There were no cash disbursements for purchases of materials and supplies that exceeded \$30,000 or for public works exceeding \$150,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1 101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

The Village provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The Village provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon Procedure 3 were also included on the listing obtained from management in agreed-upon Procedure 2 as immediate family members.

None of the employees included on the list of employees provided by the Village in agreed-upon Procedure 3 appeared on the list provided by the Village in agreed-upon Procedure 2.

Budgeting

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

The Village provided me with a copy of the adopted original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a regular meeting held on June 29, 2012 which indicated that the budget had been adopted by the Aldermen of the Village. No amendments were made to the budget during the year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures for the governmental funds . Actual expenditures exceeded budgeted expenditures by more than 5%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- a) Trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that there was supporting documentation as to proper amount and all payments were made to the correct payees.

- b) Determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund and general ledger accounts.

- c) Determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated no approvals from the Mayor. There was one instance where the Mayor co-signed the check.

Meetings

9. Examine evidence indicating that agenda for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:11 through 42:28 (the open meetings law).

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

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination except for February, 2013 in the Waterworks account and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness. Although I was not able to inspect the deposit slip for February, 2013 in the Waterworks account the bank statement indicated all small deposits for that month which appears to indicate that there were no bank loans, bonds or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, that may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

12. My prior year report, dated April 28, 2015, included recommendations in the schedule of findings and questioned costs.

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

This report is intended solely for the use of management of the Village of Sun, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Bogalusa, Louisiana
June 4, 2015

VILLAGE OF SUN, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION I – MATERIAL WEAKNESS IDENTIFIED DURING THE REVIEW

2013-1 – Internal Controls over Financial Reporting – Accurate and Timely Reconciliation of General Ledger Accounts

Observation: There was a lack of timely, accurate reconciliation of the general ledger accounts, specifically cash accounts, during 2013.

Criteria: Control procedures over timely and accurate general ledger account reconciliations (e.g. cash accounts, accounts receivable, accounts payable, and capital assets) are required in order to reduce the likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis.

Condition: During my review, I noted the Village has no procedures for the timely reconciliation of general ledger accounts. As such, the general ledger did not completely reflect the accounting transactions of the Village for the year during 2013.

Effect: Management, in the normal course of performing their assigned functions, cannot prevent, detect or correct misstatements on a timely basis thus resulting in numerous year-end adjusting journal entries.

Recommendation: I recommend the Village implement policies and procedures for the timely reconciliation of general ledger accounts and capture all transactions in a timely manner.

Management's Response and Corrective Action: The Mayor will coordinate with the Village Clerk to ensure timely, accurate reconciliations of all accounts including cash accounts.

SECTION II – COMPLIANCE AND OTHER MATTERS

2013-1 – Segregation of Duties

Observation: The Village officials and employees perform interrelated duties resulting in a lack of internal accounting controls.

Criteria: Proper segregation of duties should be implemented to prevent and detect misappropriation of assets.

Condition: This situation is due to economic and financial constraints of the Village.

Effect: The potential exists for misappropriation of assets occurring and not being prevented or detected.

Recommendation: By use of the Board of Aldermen, the Village should implement increased segregation of duties to prevent and detect misappropriation of assets.

VILLAGE OF SUN, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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

2013-2 – Budget Amendments

Observation: Significant budget variances existed at June 30, 2013.

Criteria: The budget should be amended when actual expenditures exceed budgeted by 5% or more.

Condition: The general fund budget should have been but was not amended during the year.

Effect: Violation of State Budget Act.

Recommendation: Management should amend the budget as required by the State Budget Act.

Management's corrective action plan: Management plans to amend the budget promptly in the future.

2013-3 – Timely submission of report

Observation: LSA-R.S.24:513 states that, "all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee fiscal year."

Criteria: The completed review report must be filed with the legislative auditor by December 31 each year.

Condition: Financial records were not able to be provided to the auditors in a timely manner so that the review report could be completed in the required time frame.

Effect: The completed review report was filed with the legislative auditor after the deadline.

Recommendation: Management should ensure all financial records are presented to the reviewers in a timely manner so the report is able to be submitted by the required deadline.

Management's corrective action plan: Once the current late filings are caught up, management will focus on submitting a timely report in the future.

2013-4 - Lack of approval for expenditures

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

VILLAGE OF SUN, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Condition: Expenditures were not approved by the proper authorities prior to checks being written.

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

Recommendation: Management should exercise tighter control over expenditures being made.

Management's corrective action plan: Management plans to take a more active role in the approval of expenditures being made.

**VILLAGE OF SUN, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION I – MATERIAL WEAKNESS IDENTIFIED DURING THE REVIEW

2012-1 – Internal Controls over Financial Reporting – Accurate and Timely Reconciliation of General Ledger Accounts

Observation: There was a lack of timely, accurate reconciliation of the general ledger accounts, specifically cash accounts, during 2012.

Criteria: Control procedures over timely and accurate general ledger account reconciliations (e.g. cash accounts, accounts receivable, accounts payable, and capital assets) are required in order to reduce the likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis.

Condition: During my review, I noted the Village has no procedures for the timely reconciliation of general ledger accounts. As such, the general ledger did not completely reflect the accounting transactions of the Village for the year during 2012.

Effect: Management, in the normal course of performing their assigned functions, cannot prevent, detect or correct misstatements on a timely basis thus resulting in numerous year-end adjusting journal entries.

Recommendation: I recommend the Village implement policies and procedures for the timely reconciliation of general ledger accounts and capture all transactions in a timely manner.

Management's Response and Corrective Action: The Mayor will coordinate with the Village Clerk to ensure timely, accurate reconciliations of all accounts including cash accounts.

SECTION II – COMPLIANCE AND OTHER MATTERS

2012-1 – Segregation of Duties

Observation: The Village officials and employees perform interrelated duties resulting in a lack of internal accounting controls.

Criteria: Proper segregation of duties should be implemented to prevent and detect misappropriation of assets.

Condition: This situation is due to economic and financial constraints of the Village.

Effect: The potential exists for misappropriation of assets occurring and not being prevented or detected.

Recommendation: By use of the Board of Aldermen, the Village should implement increased segregation of duties to prevent and detect misappropriation of assets.

VILLAGE OF SUN, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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

2012-2 – Budget Amendments

Observation: Significant budget variances exist due to the budgets not being amended during the year.

Criteria: General Fund revenues were not amended, therefore the Village was 17% under budget.

Condition: The general fund and special revenue fund budgets are not amended during the year.

Effect: Variances greater than 5% are incurred due to not amending the budgets during the year.

Recommendation: Management should amend the budgets as required by the State Budget Act.

Management's corrective action plan: Management plans to amend the budget promptly before the fiscal year ends.

2012-3 – Timely submission of report

Observation: LSA-R.S.24:513 states that, "all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee fiscal year."

Criteria: The completed review report must be filed with the legislative auditor by December 31 each year.

Condition: Financial records were not able to be provided to the auditors in a timely manner so that the review report could be completed in the required time frame.

Effect: The completed review report was filed with the legislative auditor after the deadline.

Recommendation: Management should ensure all financial records are presented to the reviewers in a timely manner so the report is able to be submitted by the required deadline.

Management's corrective action plan: Once the current late filings are caught up, management will focus on submitting a timely report in the future.

2012-4 - Lack of approval for expenditures

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

VILLAGE OF SUN, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Condition: Expenditures were not approved by the proper authorities prior to checks being written.

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

Recommendation: Management should exercise tighter control over expenditures being made.

Management's corrective action plan: Management plans to take a more active role in the approval of expenditures being made.