

VILLAGE OF TURKEY CREEK, LOUISIANA

Financial Report

Year Ended June 30, 2020

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KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

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

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

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Phillip Cavins, Mayor
and Members of the Board of Aldermen
Village of Turkey Creek, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Turkey Creek (Village), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, and each major fund of the Village, as of June 30, 2020, 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.

Other Matters

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 36 through 40, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Village 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 missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other supplementary information, on pages 42 through 46, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020, on our consideration of the Village'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 Village'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 Village's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
October 14, 2020

BASIC FINANCIAL STATEMENTS

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$ 108,015	\$ 146,286	\$ 254,301
Receivables, net	12,571	94,653	107,224
Prepaid expenses	-	24,813	24,813
Restricted assets:			
Cash and interest-bearing deposits	-	7,623	7,623
Capital assets, net	<u>250,836</u>	<u>764,991</u>	<u>1,015,827</u>
Total assets	<u>371,422</u>	<u>1,038,366</u>	<u>1,409,788</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	<u>47,302</u>	<u>49,266</u>	<u>96,568</u>
LIABILITIES			
Accounts payable	13,499	19,891	33,390
Accrued liabilities	1,958	16,321	18,279
Customer deposits	-	7,623	7,623
Net pension liability	<u>119,658</u>	<u>127,547</u>	<u>247,205</u>
Total liabilities	<u>135,115</u>	<u>171,382</u>	<u>306,497</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	<u>6,489</u>	<u>-</u>	<u>6,489</u>
NET POSITION			
Net investment in capital assets	250,835	764,991	1,015,826
Restricted for sales tax dedication	62,969	-	62,969
Unrestricted	<u>(36,684)</u>	<u>151,259</u>	<u>114,575</u>
Total net position	<u>\$277,120</u>	<u>\$ 916,250</u>	<u>\$1,193,370</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Statement of Activities
Year Ended June 30, 2020

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 79,299	\$ 11,850	\$ -	\$ (67,449)	\$ -	\$ (67,449)
Public safety	137,332	97,971	-	(39,361)	-	(39,361)
Public works	62,715	-	-	(62,715)	-	(62,715)
Culture and recreation	<u>57,599</u>	<u>14,630</u>	<u>4,500</u>	<u>(38,469)</u>	<u>-</u>	<u>(38,469)</u>
Total governmental activities	336,945	124,451	4,500	(207,994)	-	(207,994)
Business-type activities:						
Water and sewer	<u>691,601</u>	<u>646,846</u>	<u>8,797</u>	<u>-</u>	<u>(35,958)</u>	<u>(35,958)</u>
Total	<u>\$ 1,028,546</u>	<u>\$ 771,297</u>	<u>\$ 13,297</u>	<u>(207,994)</u>	<u>(35,958)</u>	<u>(243,952)</u>
General revenues:						
Taxes -						
Property taxes, levied for general purposes				11,662	-	11,662
Sales taxes, levied for general purposes				53,510	-	53,510
Franchise taxes				16,278	-	16,278
Grants and contributions not restricted to specific programs -						
State sources				5,404	-	5,404
Non-employer pension contribution				353	3,443	3,796
Interest and investment earnings				-	260	260
Miscellaneous				20,250	18,815	39,065
Transfers				<u>49,409</u>	<u>(49,409)</u>	<u>-</u>
Total general revenues				<u>156,866</u>	<u>(26,891)</u>	<u>129,975</u>
Change in net position				(51,128)	(62,849)	(113,977)
Net position - July 1, 2019				<u>328,248</u>	<u>979,099</u>	<u>1,307,347</u>
Net position - June 30, 2020				<u>\$ 277,120</u>	<u>\$ 916,250</u>	<u>\$ 1,193,370</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

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.

1996 Sales Tax Fund -

To account for the receipt and use of proceeds of the Village's two percentage sales and use tax. These taxes are dedicated for the purpose of acquiring, constructing, improving, maintaining, and operating a community center for the Village and improving and maintaining public streets and drainage works in the Village, with the proceeds of the tax to be subject to funding into bonds.

Enterprise Fund

Utility Fund -

To account for the provision of water and sewerage services to residents of the Village. 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.

VILLAGE OF TURKEY CREEK, LOUISIANA

Balance Sheet - Governmental Funds

June 30, 2020

	<u>General Fund</u>	<u>1996 Sales Tax Fund</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$ 44,702	\$ 63,313	\$ 108,015
Receivables:			
Taxes	119	3,956	4,075
Other	<u>8,496</u>	<u>-</u>	<u>8,496</u>
Total assets	<u>\$ 53,317</u>	<u>\$ 67,269</u>	<u>\$ 120,586</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 9,199	\$ 4,300	\$ 13,499
Accrued liabilities	<u>1,958</u>	<u>-</u>	<u>1,958</u>
Total liabilities	<u>11,157</u>	<u>4,300</u>	<u>15,457</u>
Fund balances:			
Restricted -			
Sales tax dedication	-	62,969	62,969
Unassigned	<u>42,160</u>	<u>-</u>	<u>42,160</u>
Total fund balances	<u>42,160</u>	<u>62,969</u>	<u>105,129</u>
Total liabilities and fund balances	<u>\$ 53,317</u>	<u>\$ 67,269</u>	<u>\$ 120,586</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances for governmental funds at June 30, 2020		\$ 105,129
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Buildings and improvements, net of \$396,817 accumulated depreciation	\$ 186,988	
Equipment, net of \$83,267 accumulated depreciation	13,505	
Infrastructure, net of \$253,533 accumulated depreciation	<u>50,343</u>	250,836
The deferred outflows of expenditures for the pension plan are not a use of current resources and, therefore, are not reported in the fund.		47,302
Some liabilities are not due and payable from current financial resources and, therefore, are not reported in the fund.		
Net pension liability		(119,658)
The deferred inflows of contributions for the pension plan are not available resources and, therefore, are not reported in the funds		<u>(6,489)</u>
Net position at June 30, 2020		<u>\$ 277,120</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2020

	General Fund	1996 Sales Tax Fund	Total
Revenues:			
Taxes	\$ 27,940	\$ 53,510	\$ 81,450
Licenses and permits	11,850	-	11,850
Intergovernmental	5,404	4,500	9,904
Fines and forfeits	97,971	-	97,971
Miscellaneous	34,880	-	34,880
Total revenues	<u>178,045</u>	<u>58,010</u>	<u>236,055</u>
Expenditures:			
Current -			
General government	76,311	-	76,311
Public safety	132,732	-	132,732
Public works	-	46,844	46,844
Culture and recreation	24,926	-	24,926
Total expenditures	<u>233,969</u>	<u>46,844</u>	<u>280,813</u>
Excess (deficiency) of revenues over expenditures	<u>(55,924)</u>	<u>11,166</u>	<u>(44,758)</u>
Other financing sources (uses):			
Transfers in	49,409	12,000	61,409
Transfers out	-	(12,000)	(12,000)
Total other financing sources (uses)	<u>49,409</u>	<u>-</u>	<u>49,409</u>
Net change in fund balances	(6,515)	11,166	4,651
Fund balances, beginning	<u>48,675</u>	<u>51,803</u>	<u>100,478</u>
Fund balances, ending	<u>\$ 42,160</u>	<u>\$ 62,969</u>	<u>\$ 105,129</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2020

Total net change in fund balances for year ended June 30, 2020 per the statement of revenues, expenditures, and changes in fund balances	\$ 4,651
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.	
Depreciation expense	(53,812)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Net pension liability	<u>(1,967)</u>
Change in net position for year ended June 30, 2020 per statement of activities	<u><u>\$(51,128)</u></u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Statement of Net Position
 Proprietary Fund - Enterprise Fund
 June 30, 2020

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 146,286
Accounts receivable, net	74,444
Unbilled utility receivable	20,209
Prepaid expenses	<u>24,813</u>
Total current assets	<u>265,752</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	7,623
Capital assets, net of accumulated depreciation	<u>764,991</u>
Total noncurrent assets	<u>772,614</u>
Total assets	<u>1,038,366</u>
Deferred outflows of resources related to pension plan	<u>49,266</u>

LIABILITIES

Current liabilities:	
Accounts payable	19,891
Accrued liabilities	16,321
Payable from restricted assets -	
Customers' deposits	<u>7,623</u>
Total current liabilities	43,835
Noncurrent liabilities:	
Net pension liability	<u>127,547</u>
Total liabilities	<u>171,382</u>

NET POSITION

Net investment in capital assets	764,991
Unrestricted	<u>151,259</u>
Total net position	<u>\$ 916,250</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Fund - Enterprise Fund
 Year Ended June 30, 2020

Operating revenues:	
Charges for services	\$ 609,484
Connection fees	5,800
Penalties	16,762
Installations	9,150
Memberships	5,650
Miscellaneous	<u>18,815</u>
Total operating revenues	<u>665,661</u>
Operating expenses:	
Bank charges	397
Depreciation	64,800
Dues	622
Fees and permits	1,755
Fuel and oil	8,691
Insurance	39,337
Miscellaneous	1,382
Office expense	14,213
Professional fees	17,000
Repairs and maintenance	131,542
Salaries and related benefits	351,526
Supplies	22,953
Telephone	2,877
Travel	68
Utilities	<u>34,438</u>
Total operating expenses	<u>691,601</u>
Operating loss	<u>(25,940)</u>
Nonoperating revenues:	
Interest income	260
Nonemployer pension contribution	<u>3,443</u>
Total nonoperating revenues	<u>3,703</u>
Loss before contributions and transfers	(22,237)
Capital contributions	8,797
Transfers out	<u>(49,409)</u>
Change in net position	(62,849)
Net position, beginning	<u>979,099</u>
Net position, ending	<u><u>\$ 916,250</u></u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Statement of Cash Flows
 Proprietary Fund Type - Enterprise Fund
 Year Ended June 30, 2020

Cash flows from operating activities:	
Receipts from customers	\$ 589,095
Payments to suppliers	(292,739)
Payments to employees	(351,526)
Other receipts	<u>64,974</u>
Net cash provided by operating activities	<u>9,804</u>
Cash flows from noncapital financing activities:	
Non-employer pension contribution	3,443
Proceeds from grants	8,797
Net change in meter deposits	1,323
Transfers to other funds	<u>(49,409)</u>
Net cash used by noncapital financing activities	<u>(35,846)</u>
Cash flows from investing activities:	
Interest on investments	<u>260</u>
Net decrease in cash and cash equivalents	(25,782)
Cash and cash equivalents, beginning	<u>179,691</u>
Cash and cash equivalents, ending	<u>\$ 153,909</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (25,940)
Adjustments to reconcile operating loss to net cash provided by operating activities -	
Depreciation	64,800
Provision for uncollectible accounts	3,074
Pension expense	31,135
Changes in current assets and liabilities -	
Accounts receivable	(20,389)
Unbilled utility receivables	(5,183)
Prepaid expenses	(10,218)
Deferred outflows of resources	(11,952)
Accounts payable	(20,341)
Accrued liabilities	<u>4,818</u>
Net cash provided by operating activities	<u>\$ 9,804</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Turkey Creek (Village) have been prepared in conformity with generally accepted accounting principles (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 Village of Turkey Creek was incorporated in 1956, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government and provides the following services: public safety, highway and streets, water and sewer services, culture and recreation, and general administrative services.

This report includes all funds and activities that are controlled by the Village as an independent political subdivision of the State of Louisiana. There are no component units required to be reported in conformity with generally accepted accounting principles.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Village as an economic unit. The government-wide financial statements report the Village'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 Village.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental 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, fines, 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.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Fund Financial Statements (FFS)

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, expenditures/expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The General Fund is always a major governmental fund. Other individual major governmental and enterprise 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 fund) and at least five percent of the corresponding total for all governmental fund and enterprise funds combined or funds designated as major at the discretion of the Village. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements.

Governmental Funds -

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Village reports these major governmental funds and fund types:

The General Fund is the general operating fund of the Village. 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 Village. The Village's major special revenue fund is the 1996 Sales Tax Special Revenue Fund. This 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.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proprietary Fund - Enterprise Fund

Enterprise funds are used to 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 Village's enterprise fund is the Utility Fund.

C. Measurement Focus and Basis of Accounting

Measurement Focus

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. This 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 type, the flow of economic resources, is based upon determination of net income, net position, and cash flows.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. Property tax revenues are recognized in the period for which levied provided they are also available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues.

Allocation of indirect expenses

The Village reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Revenues

Ad valorem taxes are recorded in the year taxes are due and payable. Interest income on deposits is recorded as revenues when earned. Sales taxes, franchise fees, and intergovernmental revenues are recorded when the Village is entitled to the funds. Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

In the propriety funds, operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. In the fund financial statements, expenditures are classified by character for governmental funds and by operating and nonoperating for proprietary funds. 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.

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

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Village. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less when purchased.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes, sales and use taxes, and franchise taxes. Business-type activities report customer utility service receivables as their major receivable. Uncollectible ad valorem taxes and utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2020, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for uncollectibles for customer utility receivables was \$79,161 at June 30, 2020. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Interfund receivables and payables

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items.

Capital Assets

Capital assets, which include buildings and improvements, equipment and vehicles, utility system and improvements, and infrastructure assets, 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 is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Village maintains a threshold level of \$5,000 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.

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	30 years
Equipment and vehicles	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

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

Compensated Absences

Employees of the Village earn 80 hours of sick leave and 80 hours of vacation leave per year. Sick leave does not accumulate and is not payable upon termination or retirement. Vacation leave does not accumulate, and any unused vacation leave will be paid to the employee at the employee’s current rate of pay.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. There is no long-term debt at June 30, 2020.

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 principle 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.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At June 30, 2020, the Village's deferred outflows of resources and deferred inflows of resources on the government-wide statement and proprietary fund enterprise fund statement are attributable to its pension plan.

Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense (See Note 8), has 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 plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. It is the Village'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. At June 30, 2020, the Village reported \$62,969 of restricted net position, which was restricted by enabling legislation.
- c. Unrestricted net position consists of all other net position that that does not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Nonspendable includes amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed includes amounts that can be used only for specific purposes determined by a formal decision of the Village's Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Village.
- d. Assigned includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Village's adopted policy, only the Mayor and Board of Aldermen may assign amounts for specified purposes.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

It is the Village'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 Village uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

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

F. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Village 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 Village may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2020, the Village has cash and interest-bearing deposits (book balances) totaling \$261,924 as follows:

Demand deposits	\$209,128
Time and savings deposits	<u>52,796</u>
Total	<u>\$261,924</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village'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 market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security 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, 2020 in the amount of \$285,314 were secured in total by federal deposit insurance. The Village does not have a policy for custodial credit risk.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Receivables

Receivables at June 30, 2020 of \$107,224 consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts, net	\$ -	\$ 74,444	\$ 74,444
Unbilled utility	-	20,209	20,209
Ad valorem tax	119	-	119
Franchise tax	8,496	-	8,496
Sales tax	3,956	-	3,956
Total	<u>\$ 12,571</u>	<u>\$ 94,653</u>	<u>\$ 107,224</u>

(4) Restricted Assets – Proprietary Fund Type (Enterprise Fund)

Restricted assets consist of customers' deposits in the amount of \$7,623 at June 30, 2020.

(5) Capital Assets

Capital asset activity for the year ended June 30, 2020 is as follows:

	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
Governmental activities:				
Buildings and improvements	\$ 583,805	\$ -	\$ -	\$ 583,805
Equipment	96,772	-	-	96,772
Vehicles	79,836	-	-	79,836
Infrastructure	303,876	-	-	303,876
Totals	<u>1,064,289</u>	<u>-</u>	<u>-</u>	<u>1,064,289</u>
Less accumulated depreciation				
Buildings and improvements	369,324	27,493	-	396,817
Equipment	74,018	9,249	-	83,267
Vehicles	75,236	4,600	-	79,836
Infrastructure	241,063	12,470	-	253,533
Total accumulated depreciation	<u>759,641</u>	<u>53,812</u>	<u>-</u>	<u>813,453</u>
Governmental activities, capital assets, net	<u>\$ 304,648</u>	<u>\$ (53,812)</u>	<u>\$ -</u>	<u>\$ 250,836</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 14,400	\$ -	\$ -	\$ 14,400
Other capital assets:				
Building and improvements	25,219	-	-	25,219
Water system	1,387,058	-	-	1,387,058
Sewer system	976,535	-	-	976,535
Office equipment	6,754	-	-	6,754
Machinery and equipment	158,592	-	-	158,592
Vehicles	81,054	-	-	81,054
Totals	<u>2,649,612</u>	<u>-</u>	<u>-</u>	<u>2,649,612</u>
Less accumulated depreciation				
Building and improvements	22,110	449	-	22,559
Water system	1,036,396	33,433	-	1,069,829
Sewer system	533,155	24,950	-	558,105
Office equipment	6,754	-	-	6,754
Machinery and equipment	140,352	5,968	-	146,320
Vehicles	81,054	-	-	81,054
Total accumulated depreciation	<u>1,819,821</u>	<u>64,800</u>	<u>-</u>	<u>1,884,621</u>
Business-type activities, capital assets, net	<u>\$ 829,791</u>	<u>\$ (64,800)</u>	<u>\$ -</u>	<u>\$ 764,991</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 668
Public safety	4,600
Public works	15,871
Culture and recreation	<u>32,673</u>
Total depreciation expense	<u>\$ 53,812</u>

(6) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in October and billed to the taxpayers in December. Billed taxes become delinquent on January 1 of the following year.

For the year ended June 30, 2020, taxes of 6.56 mills were levied on property with assessed valuations totaling \$1,754,400. Total taxes levied were \$11,509.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Dedication of Proceeds and Flow of Funds – 2 Percent Sales and Use Tax

Proceeds of a two percent sales and use tax (accounted for in the 1996 Sales Tax Fund - a special revenue fund) levied by the Village of Turkey Creek (2020 collections \$53,510) are dedicated for the purpose of acquiring, constructing, improving, maintaining and operating a community center for the Village and improving and maintaining public streets and drainage works in the Village.

(8) Pension Plan

Plan Description

Employees of the Village are provided with pensions through the Louisiana Municipal Employees Retirement System (MERS), a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:1731 to provide retirement, disability and survivor benefits to employees of all incorporated villages, towns and cities throughout the State of Louisiana. MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Village are members of Plan A.

The following brief description of the Louisiana Municipal Employees Retirement System is provided for general informational purposes only. Participants should refer to the Plan Agreement for more complete information.

Benefits Provided

Retirement - Any member of Plan A, who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

- a. Any age with twenty-five (25) or more years of creditable service.
- b. Age 60 with a minimum of ten (10) years of creditable service.
- c. Any age with five (5) years of creditable service eligible for disability benefits.
- d. Survivor's benefits require five (5) years creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately.
- e. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Retirement – Any member of Plan A hired on or after January 1, 2013 can retire providing the member meets one the following criteria:

- a. Age 67 with seven (7) years of creditable service.
- b. Age 62 with ten (10) years of creditable service.
- c. Age 55 with thirty (30) years of creditable service.
- d. Any age with twenty-five (25) years of creditable service, with an actuarially reduced early benefit.
- e. Survivor's benefits require (5) years of creditable service with legal spouse at least 12 months before death – 40% at age 60 or minimum of 20% immediately.

Survivor Benefits: Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Any member of Plan A, who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Deferred Retirement Option Plan (DROP) Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of MERS has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the Board of Trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active membership in MERS.

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of (1) an amount equal to three percent of his final compensation multiplied by his years of creditable service, but not less than forty-five percent of his final average compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases: MERS is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows MERS to grant an additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits: Plan A provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Contributions

Contributions for all members are established by statute. For the year ending June 30, 2020, the actual employer contribution rate was 27.75% and the member's required contribution rate was 9.50% for Plan A. In accordance with state statute, the MERS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations. Contributions from non-employer contributing entities were \$3,796. Contributions to the pension plan from the Village were \$38,687 for the year ended June 30, 2020.

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

As of June 30, 2020, the Village reported a liability of \$247,205 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2019, the Village's proportion was .059159%, which was an increase of .008066% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Village's recognized pension expense of \$63,633.

At June 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-type Activities	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ 6,031	\$ -	\$ -
Change of assumptions	3,061	-	3,187	-
Change in proportion and differences between employer's contributions and the employer's proportionate share of contributions	13,282	458	13,834	-
Net differences between projected and actual earnings on pension plan investments	12,009	-	12,508	-
Contributions subsequent to the measurement date	18,950	-	19,737	-
Total	<u>\$ 47,302</u>	<u>\$ 6,489</u>	<u>\$ 49,266</u>	<u>\$ -</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$38,687 related to MERS resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERS will be recognized in pension expense as follows:

Year Ended June 30:	Governmental Activities	Business-type Activities
2021	\$ 13,277	\$ 17,933
2022	6,378	8,614
2023	1,332	1,799
2024	876	1,183
	<u>\$ 21,863</u>	<u>\$ 29,529</u>

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of MERS's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability of MERS as of June 30, 2019 are as follows:

Valuation date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	7.0%, net of investment expense, including inflation
Inflation rate	2.50%
Projected salary increases	4.5% to 6.4%
Mortality rates	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubG-2010(B) Employee table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubG-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
Expected remaining service lives	3 years for Plan A

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an experience study, for the period July 1, 2009 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation of June 30, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Public equity	50.00%	2.15%
Public fixed income	35.00%	1.51%
Alternatives	<u>15.00%</u>	<u>0.64%</u>
Totals	<u>100.00%</u>	4.30%
Inflation		<u>2.70%</u>
Expected arithmetic nominal return		<u>7.00%</u>

Discount rate

The discount rate used to measure the total pension liability was 7.00% for the year ended June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the PRSAC. Based on those assumptions, MERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the employers' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	<u>\$322,312</u>	<u>\$247,205</u>	<u>\$183,705</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS 2019 annual financial report at www.mersla.com/annual-reports.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Payables to the System

At June 30, 2020, the Village reported payables of \$51,932 for the contractually required contributions for the month of June 2020. These amounts are included in liabilities and reported as accrued liabilities in these financial statements.

(9) Compensation of Village Officials

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2020 follows:

Joey Ducote, Aldermen	\$ 4,800
Billy King, Jr., Aldermen	4,800
Kurry Stewart, Aldermen	<u>4,800</u>
Total	<u>\$ 14,400</u>

(10) Compensation, Benefits, and Other Payments to Agency Head

A detail of compensation, benefits, and other payments to Mayor, Phillip Cavins for the year ended June 30, 2020 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 9,600
Cell phone	600
Travel	<u>19</u>
	<u>\$ 10,219</u>

(11) Interfund Transfers

Transfers consist of the following at June 30, 2020.

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 49,409	\$ -
Sales Tax Fund	12,000	12,000
Proprietary fund:		
Enterprise Fund	<u>-</u>	<u>49,409</u>
Total	<u>\$ 61,409</u>	<u>\$ 61,409</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 utility fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Risk Management

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. All 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.

(13) Pending Litigation

At June 30, 2020, the Village was not involved in any lawsuits that would have a material adverse effect on the Village's financial position.

(14) Subsequent Events

As a result of the unprecedented economic disruption experienced due to the Coronavirus (COVID-19) outbreak, the CARES Act was passed and signed into law on March 27, 2020. This law provides several coronavirus relief options including allocations to state and local governments. In October 2020, the Village submitted an application for funding under the CARES Act for reimbursement of police department payroll costs substantially dedicated to COVID-19 incurred during the fiscal year ending June 30, 2020 through September 2020 totaling \$76,056. As of the date of this report, the actual amount, if any, of CARES Act funding to be awarded to the Village has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

VILLAGE OF TURKEY CREEK, LOUISIANA

General Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$28,500	\$33,953	\$27,940	\$ (6,013)
Licenses and permits	13,000	2,430	11,850	9,420
Intergovernmental	3,650	3,859	5,404	1,545
Fines and forfeits	70,000	68,714	97,971	29,257
Miscellaneous	<u>37,600</u>	<u>39,786</u>	<u>34,880</u>	<u>(4,906)</u>
Total revenues	<u>152,750</u>	<u>148,742</u>	<u>178,045</u>	<u>29,303</u>
Expenditures:				
Current -				
General government	105,250	75,279	76,311	(1,032)
Public safety	100,300	97,704	132,732	(35,028)
Culture and recreation	<u>34,515</u>	<u>40,169</u>	<u>24,926</u>	<u>15,243</u>
Total expenditures	<u>240,065</u>	<u>213,152</u>	<u>233,969</u>	<u>(20,817)</u>
Deficiency of revenues over expenditures	(87,315)	(64,410)	(55,924)	8,486
Other financing sources:				
Transfers in	<u>64,500</u>	<u>52,026</u>	<u>49,409</u>	<u>(2,617)</u>
Net change in fund balance	(22,815)	(12,384)	(6,515)	5,869
Fund balance, beginning	<u>48,675</u>	<u>48,675</u>	<u>48,675</u>	<u>-</u>
Fund balance, ending	<u>\$25,860</u>	<u>\$36,291</u>	<u>\$42,160</u>	<u>\$ 5,869</u>

The accompanying notes are an integral part of this schedule.

VILLAGE OF TURKEY CREEK, LOUISIANA

1996 Sales Tax Special Revenue Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 58,000	\$ 57,677	\$ 53,510	\$ (4,167)
Intergovernmental	-	-	4,500	4,500
Total revenues	<u>58,000</u>	<u>57,677</u>	<u>58,010</u>	<u>333</u>
Expenditures:				
Current -				
Public works	<u>59,020</u>	<u>44,519</u>	<u>46,844</u>	<u>(2,325)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,020)</u>	<u>13,158</u>	<u>11,166</u>	<u>(1,992)</u>
Other financing sources (uses):				
Transfers in	-	12,000	12,000	-
Transfers out	<u>-</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,020)	13,158	11,166	(1,992)
Fund balance, beginning	<u>51,803</u>	<u>51,803</u>	<u>51,803</u>	<u>-</u>
Fund balance, ending	<u>\$ 50,783</u>	<u>\$ 64,961</u>	<u>\$ 62,969</u>	<u>\$ (1,992)</u>

The accompanying notes are an integral part of this schedule.

VILLAGE OF TURKEY CREEK, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Year Ended June 30, 2020

* Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana:					
2020	0.059159%	\$ 247,205	\$ 108,916	227.0%	64.68%
2019	0.051093%	211,559	93,302	226.7%	65.60%
2018	0.043904%	183,669	79,731	230.4%	62.49%
2017	0.044090%	180,712	78,760	229.4%	62.11%
2016	0.038643%	138,039	76,880	179.6%	66.18%
2015	0.048667%	124,901	73,566	169.8%	74.00%

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

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

The accompanying notes are an integral part of this schedule.

VILLAGE OF TURKEY CREEK, LOUISIANA

Schedule of Employer Contributions
Year Ended June 30, 2020

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System of Louisiana:					
2020	\$38,687	\$38,687	\$ -	\$ 139,414	27.75%
2019	28,318	28,318	-	108,916	26.00%
2018	23,092	23,092	-	93,302	24.75%
2017	18,139	18,139	-	79,731	22.75%
2016	15,555	15,555	-	78,760	19.75%
2015	15,184	15,184	-	76,880	19.75%

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

The accompanying notes are an integral part of this schedule.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

The Village Clerk prepares and submits the proposed budget to the Mayor and Board of Aldermen prior to the fifteenth day of the fiscal year for which the budget is to be applicable. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted. All budgetary appropriations lapse at the end of each fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Village of Turkey Creek.

(2) Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of appropriations for the year ended June 30, 2020.

General Fund	\$ 20,817
1996 Sales Tax Special Revenue Fund	2,325

(3) Pension Plan

Changes of Benefit Terms –

There were no changes of benefit terms.

Changes of assumptions –

*		Investment		Expected	Projected
Year Ended	Discount	Rate of	Inflation	Remaining	Salary
June 30,	Rate	Return	Rate	Service Lives	Increase
Municipal Employees' Retirement System of Louisiana:					
2020	7.000%	7.000%	2.500%	3	4.5% to 6.4%
2019	7.275%	7.275%	2.600%	3	5.00%
2018	7.400%	7.400%	2.775%	3	5.00%
2017	7.500%	7.500%	2.875%	3	5.00%
2016	7.500%	7.500%	2.875%	3	5.00%
2015	7.750%	7.750%	2.750%	3	5.75%

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

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF TURKEY CREEK, LOUISIANA

General Fund
 Budgetary Comparison Schedule - Revenues
 Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem	\$ 10,600	\$ 13,866	\$ 11,662	\$ (2,204)
Franchise fees	17,900	20,087	16,278	(3,809)
Total taxes	<u>28,500</u>	<u>33,953</u>	<u>27,940</u>	<u>(6,013)</u>
Occupational licenses	<u>13,000</u>	<u>2,430</u>	<u>11,850</u>	<u>9,420</u>
Intergovernmental:				
State of Louisiana -				
Beer taxes	650	859	904	45
Highway maintenance	<u>3,000</u>	<u>3,000</u>	<u>4,500</u>	<u>1,500</u>
Total intergovernmental	<u>3,650</u>	<u>3,859</u>	<u>5,404</u>	<u>1,545</u>
Fines and forfeits	<u>70,000</u>	<u>68,714</u>	<u>97,971</u>	<u>29,257</u>
Miscellaneous:				
Rent income	11,600	7,614	6,955	(659)
Lil Dega Speedway	13,000	11,658	14,630	2,972
Other sources	<u>13,000</u>	<u>20,514</u>	<u>13,295</u>	<u>(7,219)</u>
Total miscellaneous	<u>37,600</u>	<u>39,786</u>	<u>34,880</u>	<u>(4,906)</u>
Total revenues	<u>\$ 152,750</u>	<u>\$ 148,742</u>	<u>\$ 178,045</u>	<u>\$ 29,303</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

General Fund
 Budgetary Comparison Schedule - Expenditures
 Year Ended June 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Current:				
General government -				
Advertising	\$ 3,500	\$4,091	\$ 4,293	\$ (202)
Bank charges	-	-	15	(15)
Conference	100	-	-	-
Fees and permits	1,500	468	490	(22)
Insurance	3,500	7,411	6,176	1,235
Miscellaneous	500	-	7,566	(7,566)
Office expenditures	5,000	859	531	328
Professional fees	31,000	15,433	15,161	272
Repairs and maintenance	10,000	3,462	3,287	175
Salaries and related benefits	36,750	35,785	30,618	5,167
Supplies	-	-	185	(185)
Telephone	5,500	5,868	5,861	7
Travel	400	198	165	33
Utilities	7,500	1,704	1,963	(259)
Total general government	<u>105,250</u>	<u>75,279</u>	<u>76,311</u>	<u>(1,032)</u>
Public safety - Police				
Fuel and supplies	4,000	3,701	10,970	(7,269)
Insurance	20,000	20,810	24,098	(3,288)
Miscellaneous	22,000	14,683	21,824	(7,141)
Repairs and maintenance	5,000	3,770	5,305	(1,535)
Salaries and related benefits	48,000	54,254	69,014	(14,760)
Telephone	1,300	486	489	(3)
Insurance	-	-	762	(762)
Office expense	-	-	270	(270)
Total public safety - police	<u>100,300</u>	<u>97,704</u>	<u>132,732</u>	<u>(33,996)</u>

(continued)

VILLAGE OF TURKEY CREEK, LOUISIANA

General Fund
 Budgetary Comparison Schedule - Expenditures (Continued)
 Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Current:				
Parks and recreation -				
Insurance	1,500	-	-	-
Miscellaneous	1,015	5,752	4,778	974
Materials and supplies	31,000	30,950	16,672	14,278
Utilities	1,000	3,467	3,476	(9)
Total parks and recreation	<u>34,515</u>	<u>40,169</u>	<u>24,926</u>	<u>15,243</u>
Total expenditures	<u>\$ 240,065</u>	<u>\$ 213,152</u>	<u>\$ 233,969</u>	<u>\$ (20,817)</u>

VILLAGE OF TURKEY CREEK, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2020

Records maintained by the Village indicated the following number of customers were being serviced during the month of June 2020:

Department

Water (metered)	1,724
Sewer	131

VILLAGE OF TURKEY CREEK, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2020

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation - Employer's liability	Statutory
Commercial property - building and contents:	
Office	\$ 96,827
Maintenance building	73,116
Community Center - buildings and contents	677,129
Automobile coverage:	
Auto liability	500,000
Physical damage coverage	99,991
General liability	500,000
Law enforcement liability	500,000
Errors and omissions liability	500,000
Fidelity bond	80,000

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
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Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

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

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

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

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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 Phillip Cavins, Mayor
and Members of the Board of Aldermen
Village of Turkey Creek, 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, and each major fund of the Village of Turkey Creek (Village), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the 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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan, that we consider to be a significant deficiency as item 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 determination of financial statement amounts. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2020-002.

Village of Turkey Creek's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
October 14, 2020

VILLAGE OF TURKEY CREEK, LOUISIANA

Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan
Year Ended June 30, 2020

Part I. Current Year Findings relating to an audit in accordance with *Government Auditing Standards*:

A. Internal Control

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2006

CONDITION: The Village of Turkey Creek did not have adequate segregation of functions within the accounting system.

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.”

CAUSE: The cause of the condition is the fact that the Village of Turkey Creek does not have a sufficient number of staff 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 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) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village of Turkey Creek has determined that it is not cost effective to achieve complete segregation of duties within the accounting functions.

B. Compliance

2020-002 Compliance with Budget Act

Fiscal year finding initially occurred: 2020

CONDITION: The Village of Turkey Creek did not comply with the requirements of RS 39:1311, the Local Government Budget Act. Actual expenditures exceeded budgeted expenditures by five percent or more in the General Fund and 1996 Sales Tax Fund.

(continued)

VILLAGE OF TURKEY CREEK, LOUISIANA

Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan
Year Ended June 30, 2020 (Continued)

CRITERIA: The Village of Turkey Creek must comply with the requirements of RS 39:1311, the Local Government Budget Act.

CAUSE: The Village of Turkey Creek did not amend the budget to reflect current spending.

EFFECT: The Village of Turkey Creek could have overspent causing a negative fund balance.

RECOMMENDATION: We recommend that the Village of Turkey Creek comply with the requirements of RS 39:1311, the Local Government Budget Act.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village of Turkey Creek will comply with the requirements of RS 39:1311, the Local Government Budget Act.

C. Management Letter

A management letter was issued related to operating deficit in the Utility Enterprise Fund.

Part II: Prior Year Findings relating to an audit in accordance with *Government Auditing Standards*:

A. Internal Control

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2006

CONDITION: The Village of Turkey Creek did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should 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) recordkeeping; and (4) reconciliation.

CURRENT STATUS: See finding 2020-001.

B. Compliance

2019-002 Improper Use of Sales Tax Funds

Fiscal year finding initially occurred: 2019

CONDITION: The Village of Turkey Creek expended sales tax funds for a disbursement that was not allowed by the sales tax dedication.

CURRENT STATUS: Resolved.

(continued)

VILLAGE OF TURKEY CREEK, LOUISIANA

Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan
Year Ended June 30, 2020 (Continued)

C. Management Letter

A management letter was issued related to operating deficit in the Utility Enterprise Fund.

KOLDER, SLAVEN & COMPANY, LLC

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183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

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

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

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Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

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MANAGEMENT LETTER

The Honorable Phillip Cavins, Mayor
and Members of the Board of Aldermen
Village of Turkey Creek, Louisiana

We have completed our audit of the basic financial statements of the Village of Turkey Creek, Louisiana for the year ended June 30, 2020, and submit the following recommendations for your consideration:

- (1) The Utility Enterprise Fund experienced an operating loss of \$25,940 during the current year. The Village should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
October 14, 2020