

**VILLAGE OF PARKS, LOUISIANA**

Financial Report

Year Ended June 30, 2021

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# Champagne & Company, LLC

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### INDEPENDENT AUDITORS' REPORT

The Honorable Kevin J. Kately, Mayor  
and the Members of the Board of Aldermen  
Village of Parks, Louisiana

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Parks, Louisiana, as of and for the year ended June 30, 2021, 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.

#### ***Auditors' 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 auditors' 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, we consider 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, each major fund, and the aggregate remaining fund information of the Village of Parks, Louisiana, as of June 30, 2021, 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 information, schedule of employer's share of net pension liability, the schedule of employer contributions, and the notes to the required supplementary information on pages 42 through 46 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.

Management has omitted the 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 Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Parks, Louisiana's basic financial statements. The Justice System Funding Reporting Schedule (reporting schedule) was created by Act 87 of the Louisiana 2020 Regular Legislative Session. This reporting schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The reporting schedule is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the reporting schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021 on our consideration of the Village of Parks, Louisiana'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 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 of Parks, Louisiana'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 Village of Parks, Louisiana's internal control over financial reporting and compliance.

***Champagne & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
October 8, 2021

## **BASIC FINANCIAL STATEMENTS**

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

VILLAGE OF PARKS, LOUISIANA

Statement of Net Position  
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 313,710	\$ 2,226,822	\$ 2,540,532
Receivables	53,947	241,251	295,198
Prepaid items	11,786	42,144	53,930
Internal balances	<u>(34,675)</u>	<u>34,675</u>	-
Total current assets	<u>344,768</u>	<u>2,544,892</u>	<u>2,889,660</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	221,684	245,749	467,433
Capital assets:			
Non-depreciable	30,000	111,327	141,327
Depreciable, net	<u>1,836,900</u>	<u>1,203,042</u>	<u>3,039,942</u>
Total noncurrent assets	<u>2,088,584</u>	<u>1,560,118</u>	<u>3,648,702</u>
Total assets	<u>2,433,352</u>	<u>4,105,010</u>	<u>6,538,362</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>78,327</u>	-	<u>78,327</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts, salaries, and other payables	29,449	68,667	98,116
Customer deposits payable	-	245,749	245,749
Bonds payable	<u>111,000</u>	-	<u>111,000</u>
Total current liabilities	<u>140,449</u>	<u>314,416</u>	<u>454,865</u>
Noncurrent liabilities:			
Net pension liability	116,638	-	116,638
Bonds payable	<u>779,000</u>	-	<u>779,000</u>
Total noncurrent liabilities	<u>895,638</u>	-	<u>895,638</u>
Total liabilities	<u>1,036,087</u>	<u>314,416</u>	<u>1,350,503</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>68,254</u>	-	<u>68,254</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,038,656	1,314,369	2,353,025
Restricted for:			
Public works / construction	33,298	-	33,298
Police	118,174	-	118,174
Unrestricted	<u>217,210</u>	<u>2,476,225</u>	<u>2,693,435</u>
Total net position	<u>\$ 1,407,338</u>	<u>\$ 3,790,594</u>	<u>\$ 5,197,932</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2021

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 212,494	\$ 47,397	\$ -	\$ -	\$ (165,097)	\$ -	\$ (165,097)
Public safety	335,841	-	-	7,068	(328,773)	-	(328,773)
Culture and recreation	21,985	3,650	-	-	(18,335)	-	(18,335)
Total governmental activities	<u>570,320</u>	<u>51,047</u>	<u>-</u>	<u>7,068</u>	<u>(512,205)</u>	<u>-</u>	<u>(512,205)</u>
Business-type activities:							
Water & waste	<u>1,179,807</u>	<u>1,531,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,283</u>	<u>351,283</u>
Total business-type activities	<u>1,179,807</u>	<u>1,531,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,283</u>	<u>351,283</u>
Total	<u>\$ 1,750,127</u>	<u>\$ 1,582,137</u>	<u>\$ -</u>	<u>\$ 7,068</u>	<u>(512,205)</u>	<u>351,283</u>	<u>(160,922)</u>
General revenues:							
Taxes -							
Sales and use taxes, levied for general purposes				279,177	-	279,177	
Franchise and other taxes				62,356	-	62,356	
Grants and contributions not restricted to specific programs				21,575	-	21,575	
Miscellaneous				7,757	9,598	17,355	
Loss on disposal of asset				(5,496)	-	(5,496)	
Transfers				<u>245,411</u>	<u>(245,411)</u>	<u>-</u>	
Total general revenues and transfers				<u>610,780</u>	<u>(235,813)</u>	<u>374,967</u>	
Change in net position				98,575	115,470	214,045	
Net position - July 1, 2020				<u>1,308,763</u>	<u>3,675,124</u>	<u>4,983,887</u>	
Net position - June 30, 2021				<u>\$ 1,407,338</u>	<u>\$ 3,790,594</u>	<u>\$ 5,197,932</u>	

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **MAJOR FUNDS**

#### **General Fund**

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

#### **Special Revenue Funds**

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

##### **Sales Tax Fund -**

To account for the collection of a 2% sales and use tax and its subsequent disbursement in accordance with the sales tax dedication. The proceeds of the 2% sales tax are dedicated to current operation purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets. Proceeds are currently employed to fund the operation of the police department.

##### **Debt Service Fund**

##### **Debt Service Fund -**

To account for repayment of the \$1,200,000 certificate of indebtedness series 2018 bonds.

##### **Enterprise Fund**

##### **Utilities Fund -**

The Village of Parks Utilities Fund is used to account for the provision of water and waste services to residents of the Village and outlying areas. The Village of Parks Utilities Fund is used to account for operations that are financed and operated in a manner 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.

## **NONMAJOR FUNDS**

##### **Park Commission Fund -**

To account for the receipt and use of fees assessed for utilization of the park facilities located in and maintained by the Village of Parks.

##### **Capital Projects Fund -**

To account for construction of new town hall funded by \$1,200,000 certificate of indebtedness series 2018 bonds.

VILLAGE OF PARKS, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2021

	Major Funds				
	General	Sales Tax Special Revenue	Debt Service Fund	Nonmajor Funds	Total
<b>ASSETS</b>					
Cash and interest-bearing deposits	\$ 277,089	\$ 124,601	\$ 63,785	\$ 69,919	\$ 535,394
Receivables:					
Taxes and licenses	-	36,419	-	-	36,419
Other	16,607	921	-	-	17,528
Prepaid items	-	11,786	-	-	11,786
Total assets	<u>\$ 293,696</u>	<u>\$ 173,727</u>	<u>\$ 63,785</u>	<u>\$ 69,919</u>	<u>\$ 601,127</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts, salaries, and other payables	\$ 13,982	\$ 15,467	\$ -	\$ -	\$ 29,449
Due to other funds	4,346	28,300	2,029	-	34,675
Total liabilities	<u>18,328</u>	<u>43,767</u>	<u>2,029</u>	<u>-</u>	<u>64,124</u>
Fund balances -					
Nonspendable	-	11,786	-	-	11,786
Restricted	-	118,174	61,756	33,298	213,228
Assigned	-	-	-	36,621	36,621
Unassigned	275,368	-	-	-	275,368
Total fund balances	<u>275,368</u>	<u>129,960</u>	<u>61,756</u>	<u>69,919</u>	<u>537,003</u>
Total liabilities and fund balances	<u>\$ 293,696</u>	<u>\$ 173,727</u>	<u>\$ 63,785</u>	<u>\$ 69,919</u>	<u>\$ 601,127</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2021

Total fund balances for governmental funds at June 30, 2021	\$ 537,003
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 30,000
Buildings and improvements, net of \$146,579 accumulated depreciation	1,327,475
Vehicles, net of \$32,517 accumulated depreciation	45,300
Furniture and equipment, net of \$21,115 accumulated depreciation	88,373
Infrastructure, net of \$196,741 accumulated depreciation	<u>375,752</u> 1,866,900

The deferred outflows of expenditures are not a current use of resources and are therefore not reported in the funds:

Deferred outflows of resources	78,327
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General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds.

This debt is:

Bonds payable	(890,000)
Net pension liability	<u>(116,638)</u> (1,006,638)

The deferred inflows of resources of contributions are not available resources, and therefore, are not reported in the funds:

Deferred inflows of resources	<u>(68,254)</u>
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Total net position of governmental activities at June 30, 2021	<u>\$ 1,407,338</u>
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The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2021

	Major Funds				
	General	Sales Tax Special Revenue	Debt Service Fund	Nonmajor Funds	Total
<b>Revenues:</b>					
Taxes	\$ 531	\$ 279,177	\$ -	\$ -	\$ 279,708
Licenses and permits	61,825	-	-	-	61,825
Fines and penalties	47,397	-	-	-	47,397
Grants	-	7,068	-	-	7,068
Intergovernmental	407	21,168	-	-	21,575
Miscellaneous	25	4,981	-	3,650	8,656
<b>Total revenues</b>	<b>110,185</b>	<b>312,394</b>	<b>-</b>	<b>3,650</b>	<b>426,229</b>
<b>Expenditures:</b>					
<b>Current -</b>					
General government	126,544	-	-	-	126,544
Public safety	-	325,654	-	-	325,654
Culture and recreation	-	-	-	5,630	5,630
Debt service	-	-	136,309	-	136,309
Capital outlay	23,179	28,194	-	22,567	73,940
<b>Total expenditures</b>	<b>149,723</b>	<b>353,848</b>	<b>136,309</b>	<b>28,197</b>	<b>668,077</b>
Deficiency of revenues over expenditures	(39,538)	(41,454)	(136,309)	(24,547)	(241,848)
<b>Other financing sources (uses):</b>					
Operating transfers in	245,411	-	156,558	-	401,969
Operating transfers out	(156,558)	-	-	-	(156,558)
<b>Total other financing sources</b>	<b>88,853</b>	<b>-</b>	<b>156,558</b>	<b>-</b>	<b>245,411</b>
Net changes in fund balances	49,315	(41,454)	20,249	(24,547)	3,563
<b>Fund balances, beginning</b>	<b>226,053</b>	<b>171,414</b>	<b>41,507</b>	<b>94,466</b>	<b>533,440</b>
<b>Fund balances, ending</b>	<b>\$ 275,368</b>	<b>\$ 129,960</b>	<b>\$ 61,756</b>	<b>\$ 69,919</b>	<b>\$ 537,003</b>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2021

Total net changes in fund balances for the year ended June 30, 2021 per  
 Statement of Revenues, Expenditures and Changes in Fund Balances \$ 3,563

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

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

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 73,940
Depreciation expense for the year ended June 30, 2021	<u>(81,575)</u>
	(7,635)

Because governmental funds do not record fixed assets and accumulated  
 depreciation, any assets disposed of with or without a selling price do not  
 affect the statement of revenues, expenditures, and changes in fund  
 balances. However, in the statement of activities, a gain or loss is shown  
 on assets that are not fully depreciated.

Loss on disposal of assets	(5,496)
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Repayment of principal on debt is recorded as an expenditure in the  
 governmental funds but reduces the liability in the statement of net position

Principal paid on bonds	107,000
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Expenses not requiring the use of current financial resources and, therefore,  
 not reported as expenditures in the governmental funds.

Net change in net pension liability and related deferrals	<u>1,143</u>
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Total changes in net position for the year ended June 30, 2021 per  
 Statement of Activities \$ 98,575

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 June 30, 2021

	<u>Utilities Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and interest-bearing deposits	\$ 2,226,822
Receivables:	
Accounts	241,251
Due from other funds	34,675
Prepaid items	<u>42,144</u>
Total current assets	<u>2,544,892</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	245,749
Capital assets, net	<u>1,314,369</u>
Total noncurrent assets	<u>1,560,118</u>
Total assets	<u>4,105,010</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	68,667
Customers' deposits	<u>245,749</u>
Total current liabilities	<u>314,416</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-
<b>NET POSITION</b>	
Net investment in capital assets	1,314,369
Unrestricted	<u>2,476,225</u>
Total net position	<u>\$ 3,790,594</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -  
Proprietary Fund  
For the Year Ended June 30, 2021

	Utilities Fund
Operating revenues:	
Charges for services:	
Water and waste fees	\$ 1,486,998
Meter installations	24,356
Connection fees	3,600
Building Permit Fees	3,028
Other operating income	<u>13,108</u>
Total operating revenues	<u>1,531,090</u>
Operating expenses:	
Salaries	320,411
Payroll taxes	23,213
Insurance	128,927
Repairs and maintenance	53,881
Chemicals	61,330
Operating supplies	140,174
Office expense	26,380
Dues and subscriptions	60,043
Utilities	84,248
Contractual services	7,262
Automotive expense	27,129
Professional fees	47,808
Telephone/internet expense	9,834
Depreciation expense	140,342
Garbage service fees	40,433
Miscellaneous expense	<u>8,392</u>
Total operating expenses	<u>1,179,807</u>
Operating income	<u>351,283</u>
Nonoperating revenues (expenses):	
Miscellaneous	<u>9,598</u>
Total nonoperating revenues	<u>9,598</u>
Income before transfers	<u>360,881</u>
Operating transfers:	
Transfers out	<u>(245,411)</u>
Total operating transfers out	<u>(245,411)</u>
Change in net position	115,470
Net position, beginning	<u>3,675,124</u>
Net position, ending	<u>\$ 3,790,594</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS, LOUISIANA

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2021

	<u>Utilities Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,533,203
Payments to suppliers	(741,361)
Payments to employees	<u>(320,411)</u>
Net cash provided by operating activities	<u>471,431</u>
Cash flows from noncapital financing activities:	
Operating transfers out to other funds	(321,856)
Other receipts	<u>9,598</u>
Net cash used by noncapital financing activities	<u>(312,258)</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(36,771)</u>
Net cash used by capital and related financing activities	<u>(36,771)</u>
Net increase in cash and cash equivalents	122,402
Cash and cash equivalents, beginning of period	<u>2,350,169</u>
Cash and cash equivalents, end of period	<u>\$ 2,472,571</u>

(continued)

VILLAGE OF PARKS, LOUISIANA

Statement of Cash Flows  
Proprietary Fund (Continued)  
For the Year Ended June 30, 2021

	<u>Utilities Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 351,283</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	140,342
Changes in current assets and liabilities:	
Decrease in accounts receivable	2,113
Increase in prepaid items	(25,778)
Increase in accounts payable and accrued liabilities	<u>3,471</u>
Total adjustments	<u>120,148</u>
Net cash provided by operating activities	<u>\$ 471,431</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 2,112,219
Cash - restricted	<u>237,950</u>
Total cash and cash equivalents	<u>2,350,169</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	2,226,822
Cash - restricted	<u>245,749</u>
Total cash and cash equivalents	<u>2,472,571</u>
Net increase	<u>\$ 122,402</u>

The accompanying notes are an integral part of this statement.

## VILLAGE OF PARKS, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The Village was incorporated in 1908 under the Lawrason Act. The act provides for the Mayor-Board of Aldermen form of government. The Village's operations include police protection, streets and drainage, sanitation, culture and recreation, public improvements, planning and zoning, and general administration services. The Village owns and operates one enterprise activity, a utilities fund, which provides water and waste services.

The accompanying financial statements of the Village of Parks (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

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based on these criteria, the Village has no component units.

#### B. Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

## VILLAGE OF PARKS, LOUISIANA

### Notes to Basic Financial Statements (Continued)

particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### Fund Financial Statements

The accounts of the 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. 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 minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Village are described below:

#### Governmental Funds -

##### General Fund -

The General Fund is the general operating fund of the Village. It is used to account for and report all financial resources not accounted for and reported in another fund.

##### Special Revenue Fund -

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

##### Sales Tax Fund –

To account for the receipt and use of proceeds of the Village's 2% sales and use tax that is legally restricted to expenditures for specific purposes.

## VILLAGE OF PARKS, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Debt Service Fund –

To account for the repayment of the \$1,200,000 Certificate of Indebtedness Series 2018 bonds.

#### Proprietary Fund -

#### Utilities Fund -

The Village of Parks Utilities Fund is used to account for the provision of water and waste services to residents of the Village and outlying areas. The Village of Parks Utilities Fund is used to account for operations that are financed and operated in a manner 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. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

The nonmajor funds of the Village is described below:

#### Governmental Funds –

#### Special Revenue Fund -

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

#### Park Commission Fund-

The Park Commission Fund is used to account for park usage fees collected and expenditures required to maintain the Cecile Poche Memorial Park facilities.

#### Capital Projects Fund –

To account for the construction of new town hall funded by \$1,200,000 Certificate of Indebtedness Series 2018 bonds.

#### C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

#### Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

## VILLAGE OF PARKS, LOUISIANA

### Notes to Basic Financial Statements (Continued)

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

### Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using 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. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means 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 current fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. 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.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all 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 or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

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

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 sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Village's threshold for capitalization is \$1,000.

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:

## VILLAGE OF PARKS, LOUISIANA

### Notes to Basic Financial Statements (Continued)

Buildings and improvements	10-40 years
Vehicles	5 years
Furniture and equipment	5-10 years
Water system	10-30 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.

Prior to the adoption of GASB 34, it was the Village's policy not to record infrastructure; however, these assets have been included in the accompanying financial statements valued at historical cost.

#### Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted to their use. The restricted assets are related to sales tax revenues, monies dedicated for bond repayment, and monies dedicated for construction not yet spent in the governmental activities and customer utility deposits in the business-type activities.

#### 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 is reported as liabilities in the government-wide statements.

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

#### Compensated Absences

Employees of the Village of Parks earn sick leave and vacation days depending on length of employment. The vacation days and sick pay days cannot be carried over from year to year. Neither can cash be received in lieu of taking the days. If an employee quits, he forfeits all accumulated days. Because of these policies, there are no accruals made in either the proprietary fund or the governmental funds.

#### 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

## VILLAGE OF PARKS, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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.

#### Equity Classifications

In the government-wide statements, net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances of the governmental funds are classified as follows:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – 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.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen. The Board is the highest level of decision-making authority for the Village of Parks. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.

*Assigned* – 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 policy, only Board members may assign amounts for specific purposes.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

*Unassigned* – all other spendable amounts.

Revenue Restrictions

The Village has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue source includes sales and use taxes. See note 6 which addresses its legal restrictions on use. The Village uses unrestricted resources only when restricted resources are fully depleted.

As of June 30, 2021, fund balances are composed of the following:

	Sales Tax General	Special Revenue	Debt Service Fund	Capital Projects Fund	Park Commission Fund	Total Governmental Funds
<b>Nonspendable:</b>						
Prepaid items	\$ -	\$ 11,786	\$ -	\$ -	\$ -	\$ 11,786
<b>Restricted:</b>						
Sales taxes	-	118,174	-	-	-	118,174
Construction	-	-	-	33,298	-	33,298
Debt service	-	-	61,756	-		61,756
<b>Assigned:</b>						
Culture and recreation	-	-	-	-	36,621	36,621
<b>Unassigned</b>	<b>275,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>275,368</b>
<b>Total fund balances</b>	<b>\$ 275,368</b>	<b>\$ 129,960</b>	<b>\$ 61,756</b>	<b>\$ 33,298</b>	<b>\$ 36,621</b>	<b>\$ 537,003</b>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Aldermen have provided otherwise in their commitment or assignment actions.

**E. Capitalization of Interest Expense**

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest incurred for the year ended June 30, 2021.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures 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, 2021, the Village has cash and interest-bearing deposits (book balances) totaling \$3,007,965.

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 will not be able to recover the collateral securities that are in the possession of an outside party. 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 owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2021 are secured as follows:

Bank balances	<u>\$ 3,050,772</u>
At June 30, 2021 the deposits are secured as follows:	
Federal deposit insurance	\$ 380,768
Pledged securities	<u>2,670,004</u>
 Total	 <u>\$ 3,050,772</u>

Deposits in the amount of \$2,670,004 were exposed custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Village's name. The Village does not have a policy for custodial credit risk.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

**(3) Receivables**

Receivables at June 30, 2021 of \$295,198 consist of the following:

	Governmental Activities	Business-Type Activities		Total
		\$	241,251	
Accounts	\$ -	\$ 241,251	\$ 241,251	
Taxes:				
Sales tax	36,419	-	-	36,419
Franchise tax	12,782	-	-	12,782
Other	4,746	-	-	4,746
Totals	<u>\$ 53,947</u>	<u>\$ 241,251</u>	<u>\$ 295,198</u>	

**(4) Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance 07/01/20	Additions	Deletions	Balance 06/30/21
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in progress	4,700	-	(4,700)	-
Total assets not being depreciated	<u>34,700</u>	<u>-</u>	<u>(4,700)</u>	<u>30,000</u>
Capital assets being depreciated:				
Buildings and improvements	1,461,637	12,417	-	1,474,054
Vehicles	54,717	23,100	-	77,817
Furniture and equipment	97,395	19,944	(7,851)	109,488
Infrastructure	548,014	23,179	-	571,193
Total assets being depreciated	<u>2,161,763</u>	<u>78,640</u>	<u>(7,851)</u>	<u>2,232,552</u>
Less accumulated depreciation:				
Buildings and improvements	103,556	43,023	-	146,579
Vehicles	25,202	7,315	-	32,517
Furniture and equipment	18,287	5,183	(2,355)	21,115
Infrastructure	169,387	26,054	-	195,441
Total accumulated depreciation	<u>316,432</u>	<u>81,575</u>	<u>(2,355)</u>	<u>395,652</u>
Governmental activities, net	<u>\$ 1,880,031</u>	<u>\$ (2,935)</u>	<u>\$ (10,196)</u>	<u>\$ 1,866,900</u>

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 07/01/20	Additions	Deletions	Balance 06/30/21
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 111,327	\$ -	\$ -	\$ 111,327
Construction in progress	-	-	-	-
Total assets not being depreciated	<u>111,327</u>	<u>-</u>	<u>-</u>	<u>111,327</u>
Capital assets being depreciated:				
Waterworks plant and equipment	5,851,415	36,771	-	5,888,186
Total assets being depreciated	<u>5,851,415</u>	<u>36,771</u>	<u>-</u>	<u>5,888,186</u>
Less accumulated depreciation:				
Waterworks plant and equipment	4,544,802	140,342	-	4,685,144
Total accumulated depreciation	<u>4,544,802</u>	<u>140,342</u>	<u>-</u>	<u>4,685,144</u>
Business-type activities, net	<u>\$ 1,417,940</u>	<u>\$ (103,571)</u>	<u>\$ -</u>	<u>\$ 1,314,369</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 56,641
Public safety	8,579
Culture and recreation	16,355
Total depreciation expense	<u>\$ 81,575</u>

**(5) Accounts, Salaries, and Other Payables**

The accounts, salaries, and other payables consisted of the following at June 30, 2021:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 12,147	\$ 55,122	\$ 67,269
Salaries	11,384	9,260	20,644
Payroll taxes	5,918	4,285	10,203
Totals	<u>\$ 29,449</u>	<u>\$ 68,667</u>	<u>\$ 98,116</u>

**(6) Dedication of Sales and Use Tax Revenues**

Proceeds of the two percent (2%) sales and use tax being levied by the Village of Parks, after payment of all necessary expenses of collection and administration, have been dedicated to constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, sidewalks, sewers and sewerage disposal works, public buildings, police department and equipment, public parks, recreational facilities, waterworks, disposal of garbage street lighting, purchasing of immovable property and purchasing and acquiring equipment and furnishings for the aforesaid public

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

works, buildings, improvements, and facilities. Proceeds from the 2% sales and use tax were \$279,177 for the year ended June 30, 2021.

(7) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2021:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major Funds:</b>		
Governmental Funds:		
General Fund	\$ -	\$ 4,346
Sales Tax Special Revenue Fund	-	28,300
Debt Service Fund	-	2,029
Enterprise Fund:		
Utility Fund	34,675	-
Total	<u>\$ 34,675</u>	<u>\$ 34,675</u>

Unfunded transfers in a prior fiscal year caused the balances above. These balances are expected to be paid within the fiscal year.

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2021:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
<b>Major Funds:</b>		
Governmental Funds:		
General Fund	\$ 245,411	\$ 156,558
Debt Service Fund	156,558	-
Enterprise Fund:		
Utilities Fund	-	245,411
Total	<u>\$ 401,969</u>	<u>\$ 401,969</u>

Transfers are used to (1) 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 (2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Ad Valorem Taxes

For the year ended June 30, 2021, the Village formally waived the imposition of its approved statutory millage.

(9) Pension Plan/GASB 68

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 Municipal Police Employees' Retirement System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of significant accounting policies:

The Municipal Police Employees' Retirement System prepares its employer schedules in accordance with Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses / expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization periods for deferred inflows and deferred outflows.

Basis of accounting:

The System's employer pension schedules were prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

System employees:

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

Pension Amount Netting:

The deferred outflows and deferred inflows of resources resulting from differences between projected and actual earnings on pension plan investments that were recorded in different years were netted to report only a deferred outflow or a deferred inflow on the schedule of pension amounts. The remaining categories of deferred outflows and deferred inflows were not presented on a net basis.

Plan fiduciary net position:

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

Plan Description:

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership prior to January 1, 2013:

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% - 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership commencing January 1, 2013:

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent (generally) and 2.50%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% - 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of living adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred retirement option plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the

## VILLAGE OF PARKS, LOUISIANA

### Notes to Basic Financial Statements (Continued)

System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

#### Initial benefit option plan:

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

#### Employer contributions:

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2020, total contributions due for employers and employees were as follows:

	Contribution Rates		
	Employee	Employer	Total
Members hired prior to 1/1/2013	10.00%	32.50%	42.50%
Hazardous Duty Members hired after 1/1/2013	10.00%	32.50%	42.50%
Non Hazardous Duty Members hired after 1/1/2013	8.00%	32.50%	40.50%
Members whose earnable compensation is less than the poverty guidelines	7.50%	34.25%	41.75%

#### Non-employer contributions:

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue and excluded from pension expense. The Village recognized \$2,751 of non-employer contribution revenue.

#### Schedule of employer allocations:

The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentages for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of the Municipal Police Employees' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts.

**VILLAGE OF PARKS, LOUISIANA**

Notes to Basic Financial Statements (Continued)

The allocation method used in determining each employer's proportion was based on each employer's contributions to the System during the year ended June 30, 2020, as compared to the total of all employers' contributions to the System for during the year ended June 30, 2020.

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

At June 30, 2021, the Village reported a liability of \$116,638 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 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. At June 30, 2020, the Village's proportion was .012620%, which was a decrease of .007668% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Village recognized pension expense of \$16,045 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$871.

At June 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 4,594
Changes of assumptions	2,772	2,878
Net difference between projected and actual earnings on pension plan investments	13,993	-
Change in proportion and differences between Employer contributions and proportionate share of contributions	46,254	60,782
Employer contributions subsequent to the measurement date	15,308	-
Total	\$ 78,327	\$ 68,254

Deferred outflows of resources of \$15,308 related to pensions 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 pension will be recognized in pension expense as follows:

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

<u>Fiscal Year Ended</u>	
6/30/2022	\$ (4,989)
6/30/2023	9,885
6/30/2024	(12,787)
6/30/2025	2,656

Actuarial methods and 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 the pension plan's fiduciary net position.

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.950%, net of investment expense	
Expected Remaining Service lives	2020 - 4 years 2019 - 4 years 2018 - 4 years 2017 - 4 years	
Inflation Rate	2.50%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.30%
	Above 2	4.70%

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.
	For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplies by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.
	For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of the arithmetic rates of return for each major asset class included in the System's target allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected	
		Portfolio	Real Rate of Return
Equity	48.50%	3.08%	
Fixed Income	33.50%	0.54%	
Alternative	18.00%	1.02%	
Other	0.00%	0.00%	
Totals	100.00%	4.64%	
Inflation		2.55%	
Expected Arithmetic Return		7.19%	

The discount rate used to measure the total pension liability was 6.950%. 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 approved by PRSAC taking into consideration the recommendation

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

of the System's actuary. Based on those assumptions, the System'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 net pension liability of the participating employers calculated using the discount rate of 6.950%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.950% or one percentage point higher 7.950% than the current rates as of June 30, 2020.

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	5.950%	6.950%	7.950%
Net Pension Liability	\$ 163,864	\$ 116,638	\$ 77,159

Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2020 were recognized in the current reporting period as pension expense except as follows:

1. Differences between expected and actual experience: The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$4,594 for the year ended June 30, 2020.
2. Changes of assumptions or other inputs: Changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$2,772 and in a deferred inflow of resources in the amount of \$2,878 for the year ended June 30, 2020.
3. Differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$13,993 for the year ended June 30, 2020.
4. Change in proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in the employer's proportionate shares resulted in a deferred outflow of resources in the amount of \$46,254 and in a deferred inflow of resources in the amount of \$60,782 for the year ended June 30, 2020.

Contributions – proportionate share:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Retirement system audit report:

Municipal Police Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2020. Access to the audit report can be found on the System's website: [www.lampers.org](http://www.lampers.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

Estimates:

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Accordingly, actual results may differ from estimated amounts.

(10) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village of Parks, Louisiana for the year ended June 30, 2021. The bonds relate to governmental activities and are therefore paid by debt service funds.

Governmental activities:

Long-term debt at July 1, 2020	\$ 997,000
Debt assumed	-
Debt retired	<u>(107,000)</u>
Long-term debt at June 30, 2021	<u>\$ 890,000</u>

**VILLAGE OF PARKS, LOUISIANA**

**Notes to Basic Financial Statements (Continued)**

Long-term debt at June 30, 2021 is comprised of the following:

\$1,200,000 Certificate of Indebtedness, Series 2018, due in annual installments of \$101,000 to \$144,000; from April 1, 2019 to April 1, 2028; interest rate of 1.65%; payable from pledge and dedication of the excess of annual revenues.	\$ <u>890,000</u>
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The annual requirements to amortize all debt outstanding at June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	111,000	24,977	135,977
2023	117,000	21,747	138,747
2024	121,000	19,223	140,223
2025	127,000	15,725	142,725
2026	132,000	12,045	144,045
2027-2028	<u>282,000</u>	<u>12,425</u>	<u>294,425</u>
	<u>\$ 890,000</u>	<u>\$ 106,142</u>	<u>\$ 996,142</u>

Interest expense in the amount of \$28,075 was expensed for the year ending June 30, 2021 and is included in general government expenses on the Statement of Activities.

**(11) Commitments and Contingencies**

At June 30, 2021, the Village is not involved in any pending litigation. Therefore, no liability has been recorded as of June 30, 2021.

**(12) Compensation of Village Officials**

A detail of compensation paid to Village officials for the year ended June 30, 2021 follows:

Kevin J. Kately, Mayor	\$ <u>52,180</u>
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**Aldermen:**

Yvonne Narcisse	\$ <u>4,225</u>
Harold Robertson	4,225
Kanisha Potier	4,225
Total	<u>\$ 12,675</u>

Reginald Clues, Chief of Police	45,654
Total	<u>\$ 45,654</u>

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Risk Management

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards, health care, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the current year or preceding two years.

(14) Act 706-Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity

Under Act 706, the Village of Parks is required to disclose the compensation, reimbursements, benefits, and other payments made to the Mayor, in which the payments are related to the position. The following is a schedule of payments made to the Mayor for the year ended June 30, 2021.

Entity head: Kevin J. Kately, Mayor

Salary	\$ 52,180
Benefits-insurance	33,785
Travel & expense reimbursement	<u>2,687</u>
 Total	 <u>88,652</u>

(15) On-behalf Payments

During the year ended June 30, 2021, the Village recognized \$21,168 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(16) Risks and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through mandated closings, reduction of operating hours, or operational restrictions for nonessential businesses, including retail stores, restaurants, personal service businesses and all entertainment venues. While the disruption is expected to be temporary, there is still uncertainty around the duration of and the implications of the closings. The Village of Parks expects this matter to negatively impact availability of resources and operating results. The financial impact cannot be reasonably estimated at this time.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**VILLAGE OF PARKS, LOUISIANA**  
**General Fund**

**Budgetary Comparison Schedule**  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 400	\$ 400	\$ 531	\$ 131
Licenses and permits	45,000	50,000	61,825	11,825
Fines and penalties	1,500	6,500	47,397	40,897
Intergovernmental	500	500	407	(93)
Miscellaneous	500	500	25	(475)
Total revenues	<u>47,900</u>	<u>57,900</u>	<u>110,185</u>	<u>52,285</u>
<b>Expenditures:</b>				
Current -				
General government	149,195	159,195	126,544	32,651
Capital outlay	-	-	23,179	(23,179)
Total expenditures	<u>149,195</u>	<u>159,195</u>	<u>149,723</u>	<u>9,472</u>
Deficiency of revenues over expenditures	<u>(101,295)</u>	<u>(101,295)</u>	<u>(39,538)</u>	<u>61,757</u>
<b>Other financing sources (uses):</b>				
Transfers in	240,000	240,000	245,411	5,411
Transfers out	<u>(136,075)</u>	<u>(136,075)</u>	<u>(156,558)</u>	<u>(20,483)</u>
Total other financing sources (uses)	<u>103,925</u>	<u>103,925</u>	<u>88,853</u>	<u>(15,072)</u>
Net change in fund balance	2,630	2,630	49,315	46,685
Fund balance, beginning	<u>201,662</u>	<u>226,053</u>	<u>226,053</u>	<u>-</u>
Fund balance, ending	<u>\$ 204,292</u>	<u>\$ 228,683</u>	<u>\$ 275,368</u>	<u>\$ 46,685</u>

**VILLAGE OF PARKS, LOUISIANA**  
**Sales Tax Special Revenue Fund**

**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 142,000	\$ 192,000	\$ 279,177	\$ 87,177
Grants	-	-	7,068	7,068
Intergovernmental	12,000	12,000	21,168	9,168
Miscellaneous - interest and other	100	100	4,981	4,881
<b>Total revenues</b>	<b><u>154,100</u></b>	<b><u>204,100</u></b>	<b><u>312,394</u></b>	<b><u>108,294</u></b>
<b>Expenditures:</b>				
Current -				
Public safety - police	234,470	306,470	325,654	(19,184)
Capital outlay	-	22,000	28,194	(6,194)
<b>Total expenditures</b>	<b><u>234,470</u></b>	<b><u>328,470</u></b>	<b><u>353,848</u></b>	<b><u>(25,378)</u></b>
Net change in fund balance	(80,370)	(124,370)	(41,454)	82,916
Fund balance, beginning	<u>154,970</u>	<u>171,414</u>	<u>171,414</u>	-
<b>Fund balance, ending</b>	<b><u>\$ 74,600</u></b>	<b><u>\$ 47,044</u></b>	<b><u>\$ 129,960</u></b>	<b><u>\$ 82,916</u></b>

VILLAGE OF PARKS, LOUISIANA

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2021

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.016328%	\$ 102,149	\$ 43,021	237.4%	75.1%
2016	0.014779%	\$ 115,778	\$ 42,828	270.3%	70.7%
2017	0.013731%	\$ 128,698	\$ 41,759	308.2%	66.0%
2018	0.015529%	\$ 135,575	\$ 46,360	292.4%	70.1%
2019	0.008614%	\$ 72,823	\$ 44,365	164.1%	71.9%
2020	0.020288%	\$ 184,249	\$ 42,831	430.2%	71.0%
2021	0.012620%	\$ 116,638	\$ 45,654	255.5%	70.9%

\* 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.*

VILLAGE OF PARKS, LOUISIANA

Schedule of Employer Contributions  
For the Year Ended June 30, 2021

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution			Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
			Contribution Deficiency (Excess)			
2015	\$ 13,491	\$ 13,383	\$ 108	\$ 42,828		31.25%
2016	\$ 12,319	\$ 12,530	\$ (211)	\$ 41,759		30.00%
2017	\$ 14,719	\$ 15,418	\$ (699)	\$ 46,360		33.26%
2018	\$ 13,642	\$ 14,192	\$ (550)	\$ 44,365		31.99%
2019	\$ 15,282	\$ 14,469	\$ 813	\$ 44,865		32.25%
2020	\$ 14,291	\$ 13,920	\$ 371	\$ 42,831		32.50%
2021	\$ 15,408	\$ 15,308	\$ 100	\$ 45,654		33.53%

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

VILLAGE OF PARKS, LOUISIANA

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2021

(1) Budgets and Budgetary Accounting

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

- A. A public meeting is scheduled by the Board of Aldermen after allowing for at least 10 days' notice to the public at the time the budget is initially submitted to the Board of Aldermen.
- B. The budget must be finally adopted by the Board of Alderman prior to the last day of the preceding fiscal year.
- C. The Mayor and Board of Aldermen may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
- D. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
- E. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgets are adopted on a basis consisted with generally accepted accounting principles (GAAP).

All budgeted amounts presented reflect the original and final budget, which have been adjusted for legally authorized revisions during the year.

(2) Pension Plan

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

(3) Excess of Expenditure Over Appropriations

For the year ended June 30, 2021, the following fund had actual expenditures and other uses over appropriations:

Fund	Final Budget	Actual	Excess
General Fund	\$ 295,270	\$ 306,281	\$ (11,011)
Sales Tax Fund	\$ 328,470	\$ 353,848	\$ (25,378)

**OTHER SUPPLEMENTARY  
INFORMATION**

VILLAGE OF PARKS, LOUISIANA

Justice System Funding Reporting Schedule - Collecting/Disbursing Entity  
 As Required by Act 87 of the 2020 Regular Legislative Session  
 Cash Basis Presentation  
 June 30, 2021

	First Six Month Period Ended 12/31/2020	Second Six Month Period Ended 06/30/2021
<b>Beginning Balance of Amounts Collected (i.e. cash on hand)</b>		<b>167</b>
<b>Add: Collections</b>		
Civil Fees ( <i>including refundable amounts such as garnishments or advance deposits</i> )	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	240	26,225
Criminal Fines - Contempt	-	-
Criminal Fines - Other	362	21,862
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	44	2,169
Interest Earnings on Collected Balances	-	-
Other ( <i>do not include collections that fit into more specific categories above</i> )	-	-
<b>Subtotal Collections</b>	<b>646</b>	<b>50,256</b>
<b>Less: Disbursements To Governments &amp; Nonprofits:</b> ( <i>Must include one agency name and</i>		
<b>Less: Amounts Retained by Collecting Agency</b>		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	240	26,225
Amounts "Self-Disbursed" to Collecting Agency ( <i>must include a separate line for each collection type, as applicable</i> ) - Example: Criminal Fines - Other ( <i>Additional rows may be added as necessary</i> )		
Criminal Fines - Other	195	14,495
<b>Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies</b>		
Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	44	2,169
<b>Subtotal Disbursements/Retainage</b>	<b>479</b>	<b>42,889</b>
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)</b>	<b>167</b>	<b>7,534</b>
<b>Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.</b>		
<b>Other Information:</b>		
Ending Balance of Total Amounts Assessed but not yet Collected ( <i>i.e. receivable balance</i> )		
Total Waivers During the Fiscal Period ( <i>i.e. non-cash reduction of receivable balances, such as time served or community service</i> )		7,798

**INTERNAL CONTROL,  
COMPLIANCE  
AND  
OTHER MATTERS**

# Champagne & Company, LLC

Certified Public Accountants

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\*A Professional Accounting Corporation

**INDEPENDENT AUDITORS'  
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 Kevin J. Kately, Mayor  
and Members of the Board of Aldermen  
Village of Parks, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Parks, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village of Parks, Louisiana's basic financial statements and have issued our report thereon dated October 8, 2021.

## **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village of Parks, Louisiana'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 of Parks, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Parks, Louisiana'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and management's corrective action plan as items 2021-001 and 2021-002, to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Parks, Louisiana'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of prior and current year audit findings and management's corrective action plan as item 2021-003.

## **Village of Parks, Louisiana's Response to Findings**

The Village of Parks, Louisiana's responses to the findings identified in our audit are described in the accompanying schedule of prior and current year audit findings and management's corrective action plan. The Village of Parks, Louisiana's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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

***Champagne & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
October 8, 2021

## VILLAGE OF PARKS

### Schedule of Prior and Current Year Audit Findings and Management's Corrective Action Plan For the Year Ended June 30, 2021

#### I. Prior Year Findings:

##### Internal Control Over Financial Reporting

###### 2020-001 – Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees the Village did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 2021-001.

###### 2020-002 – Inadequate Controls over Financial Statement Preparation

Finding: The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status: Unresolved. See item 2021-002.

##### Compliance

There are no findings that are required to be reported at June 30, 2020.

##### Management Letter Items

There were no items reported at June 30, 2020.

#### II. Current Year Findings and Management's Corrective Action Plan:

##### Internal Control Over Financial Reporting

###### 2021-001 – Inadequate Segregation of Accounting Functions; Year Initially Occurred--Unknown

Condition and Criteria:

The Village did not have adequate segregation of functions within the accounting system.

Effect:

This condition represents a material weakness in the internal control of the Village.

(continued)

## VILLAGE OF PARKS

### Schedule of Prior and Current Year Audit Findings and Management's Corrective Action Plan (continued) For the Year Ended June 30, 2021

#### Cause:

The condition resulted because of the small number of employees in the accounting department.

#### Recommendation:

No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

#### Management's Corrective Action Plan:

Mayor Kevin J. Kately has determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

#### 2021-002 – Inadequate Controls over Financial Statement Preparation; Year Initially Occurred—Unknown

#### Condition and Criteria:

The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements.

#### Effect:

This condition represents a material weakness in the internal control of the Village.

#### Cause:

The condition resulted because the Village personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

#### Recommendation:

The Village should consider outsourcing this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

(continued)

## VILLAGE OF PARKS

### Schedule of Prior and Current Year Audit Findings and Management's Corrective Action Plan (continued) For the Year Ended June 30, 2021

#### Management's Corrective Action Plan:

Mayor Kevin J. Kately has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

#### Compliance

##### 2021-003 – Noncompliance with Louisiana Local Government Budget Act; Year Initially Occurred – June 30, 2021

#### Condition and Criteria:

Louisiana Revised Statute (LSA-R.S.) 39:1301-1314, known as the Local Government Budget Act, requires that the budget be amended when actual expenditures and other uses plus projected expenditures and other uses are exceeding the budgeted expenditures and other uses by five percent or more. The Village expenditures and other uses of the Sales Tax Fund exceed the budgeted expenditures by 7.7%.

#### Effect:

This condition represents a violation of the Louisiana Government Budget Act.

#### Cause:

The condition resulted because the Village did not properly estimate remaining expenditures when amending the budget for the Sales Tax Fund.

#### Recommendation:

The Village should properly estimate remaining expenditures expected to occur when amending the budget.

#### Management's Corrective Action Plan:

Mr. Kevin Kately, Mayor, will properly estimate remaining expenditures expected to occur when amending the budget.

#### Management Letter Items

There are no items reported at June 30, 2021.