

**VILLAGE OF TURKEY CREEK, LOUISIANA**

**Financial Report**

**Year Ended June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Turkey Creek (Village), as of and for the year ended June 30, 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village, as of June 30, 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 schedules, schedule of employer's share of net pension liability, and schedule of employer contributions, page 37 - 42, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Village has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other supplementary information, page 44 - 48, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The justice system funding schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 justice system funding schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison schedules and the schedule of number of utility customers has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Ville Platte, Louisiana  
October 26, 2021

## **BASIC FINANCIAL STATEMENTS**

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

**VILLAGE OF TURKEY CREEK, LOUISIANA**

Statement of Net Position

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 256,910	\$ 180,119	\$ 437,029
Receivables, net	17,971	92,788	110,759
Prepaid expenses	-	26,326	26,326
Restricted assets:			
Cash and interest-bearing deposits	-	8,951	8,951
Capital assets, net	<u>210,711</u>	<u>758,370</u>	<u>969,081</u>
Total assets	<u>485,592</u>	<u>1,066,554</u>	<u>1,552,146</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan	<u>135,890</u>	<u>97,558</u>	<u>233,448</u>
<b>LIABILITIES</b>			
Accounts payable	21,614	29,855	51,469
Accrued liabilities	14,481	17,999	32,480
Customer deposits	-	8,951	8,951
Net pension liability	<u>190,349</u>	<u>189,558</u>	<u>379,907</u>
Total liabilities	<u>226,444</u>	<u>246,363</u>	<u>472,807</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan	<u>11,406</u>	<u>-</u>	<u>11,406</u>
<b>NET POSITION</b>			
Net investment in capital assets	210,711	758,370	969,081
Restricted for sales tax dedication	92,808	-	92,808
Unrestricted	<u>80,113</u>	<u>159,379</u>	<u>239,492</u>
Total net position	<u>\$ 383,632</u>	<u>\$ 917,749</u>	<u>\$ 1,301,381</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2021

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 80,018	\$ 13,074	\$ -	\$ (66,944)	\$ -	\$ (66,944)
Public safety	431,066	433,020	76,714	78,668	-	78,668
Public works	77,653	-	-	(77,653)	-	(77,653)
Culture and recreation	49,165	10,206	-	(38,959)	-	(38,959)
Total governmental activities	637,902	456,300	76,714	(104,888)	-	(104,888)
Business-type activities:						
Water and sewer	784,635	785,610	33,546	-	34,521	34,521
Total	<u>\$ 1,422,537</u>	<u>\$ 1,241,910</u>	<u>\$ 110,260</u>	<u>(104,888)</u>	<u>34,521</u>	<u>(70,367)</u>
General revenues:						
Taxes -						
Ad valorem taxes, levied for general purposes			11,785	-		11,785
Sales taxes, levied for general purposes			95,292	-		95,292
Franchise taxes			14,577	-		14,577
Grants and contributions not restricted to specific programs -						
State sources			3,757	-		3,757
Non-employer pension contribution			1,968	4,503		6,471
Interest and investment earnings			-	247		247
Miscellaneous			30,212	16,037		46,249
Transfers			53,809	(53,809)		-
Total general revenues			211,400	(33,022)		178,378
Change in net position			106,512	1,499		108,011
Net position, beginning			277,120	916,250		1,193,370
Net position, ending			<u>\$ 383,632</u>	<u>\$ 917,749</u>		<u>\$ 1,301,381</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **General Fund**

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

### **Special Revenue Fund**

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

#### **1996 Sales Tax Fund -**

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

### **Enterprise Fund**

#### **Utility Fund -**

To account for the provision of water and sewerage services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF TURKEY CREEK, LOUISIANA

Balance Sheet - Governmental Funds

June 30, 2021

	General Fund	1996 Sales Tax Fund	Total
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 168,818	\$ 88,092	\$ 256,910
Receivables:			
Taxes	-	9,371	9,371
Other	8,600	-	8,600
Total assets	<u>\$ 177,418</u>	<u>\$ 97,463</u>	<u>\$ 274,881</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 16,959	\$ 4,655	\$ 21,614
Accrued liabilities	<u>14,481</u>	-	<u>14,481</u>
Total liabilities	<u>31,440</u>	<u>4,655</u>	<u>36,095</u>
Fund balances:			
Restricted for sales tax dedication	-	92,808	92,808
Unassigned	<u>145,978</u>	-	<u>145,978</u>
Total fund balances	<u>145,978</u>	<u>92,808</u>	<u>238,786</u>
Total liabilities and fund balances	<u>\$ 177,418</u>	<u>\$ 97,463</u>	<u>\$ 274,881</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

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

Total fund balances for the governmental funds at June 30, 2021	\$ 238,786
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:	
Buildings and improvements, net of \$424,244 accumulated depreciation	\$ 159,561
Equipment, net of \$90,937 accumulated depreciation	11,568
Infrastructure, net of \$264,294 accumulated depreciation	<u>39,582</u> 210,711
The deferred outflows of expenditures for the pension plan are not a use of current resources and, therefore, are not reported in the fund.	135,890
Some liabilities are not due and payable from current financial resources and, therefore, are not reported in the fund.	
Net pension liability	(190,349)
The deferred inflows of contributions for the pension plan are not available resources and, therefore, are not reported in the funds	<u>(11,406)</u>
Net position at June 30, 2021	<u>\$ 383,632</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

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

	General Fund	1996 Sales Tax Fund	Total
<b>Revenues:</b>			
Taxes	\$ 26,362	\$ 95,292	\$ 121,654
Licenses and permits	13,074	-	13,074
Intergovernmental	80,471	-	80,471
Fines and forfeits	433,020	-	433,020
Miscellaneous	<u>40,418</u>	<u>-</u>	<u>40,418</u>
Total revenues	<u>593,345</u>	<u>95,292</u>	<u>688,637</u>
<b>Expenditures:</b>			
<b>Current -</b>			
General government	90,427	-	90,427
Public safety	418,464	-	418,464
Public works	-	65,453	65,453
Culture and recreation	<u>16,492</u>	<u>-</u>	<u>16,492</u>
Total expenditures	<u>543,336</u>	<u>65,453</u>	<u>608,789</u>
Excess of revenues over expenditures	50,009	29,839	79,848
<b>Other financing sources:</b>			
Transfers in	<u>53,809</u>	<u>-</u>	<u>53,809</u>
Net change in fund balances	103,818	29,839	133,657
Fund balances, beginning	<u>42,160</u>	<u>62,969</u>	<u>105,129</u>
Fund balances, ending	<u>\$ 145,978</u>	<u>\$ 92,808</u>	<u>\$ 238,786</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

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

Total net change in fund balances for year ended June 30, 2021 per the statement of revenues, expenditures, and changes in fund balances	\$133,657
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	\$ 5,733
Depreciation expense	<u>(45,858)</u> (40,125)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Net pension liability	<u>12,980</u>
Change in net position for year ended June 30, 2021 per the statement of activities	<u>\$106,512</u>

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

**VILLAGE OF TURKEY CREEK, LOUISIANA**

Statement of Net Position  
 Proprietary Fund - Enterprise Fund  
 June 30, 2021

**ASSETS**

**Current assets:**

Cash and interest-bearing deposits	\$ 180,119
Accounts receivable, net	71,413
Unbilled utility receivable	21,375
Prepaid expenses	26,326
Total current assets	<u>299,233</u>

**Noncurrent assets:**

Restricted assets -	
Cash and interest-bearing deposits	8,951
Capital assets, net of accumulated depreciation	<u>758,370</u>
Total noncurrent assets	<u>767,321</u>
Total assets	<u>1,066,554</u>
Deferred outflows of resources related to pension plan	<u>97,558</u>

**LIABILITIES**

**Current liabilities:**

Accounts payable	29,855
Accrued liabilities	17,999
Payable from restricted assets -	
Customers' deposits	8,951
Total current liabilities	<u>56,805</u>

**Noncurrent liabilities:**

Net pension liability	<u>189,558</u>
Total liabilities	<u>246,363</u>

**NET POSITION**

Net investment in capital assets	758,370
Unrestricted	<u>159,379</u>
Total net position	<u>\$ 917,749</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

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

**Operating revenues:**

Charges for services	\$ 737,187
Connection fees	11,550
Penalties	19,523
Installations	11,300
Memberships	6,050
Miscellaneous	<u>16,037</u>
Total operating revenues	<u>801,647</u>

**Operating expenses:**

Bank charges	432
Depreciation	73,981
Dues	300
Fees and permits	1,653
Fuel and oil	10,112
Insurance	49,534
Miscellaneous	12,800
Office expense	21,792
Professional fees	10,537
Repairs and maintenance	127,569
Salaries and related benefits	396,185
Supplies	43,827
Telephone	2,170
Utilities	<u>33,743</u>
Total operating expenses	<u>784,635</u>
Operating income	<u>17,012</u>

**Nonoperating revenues:**

Interest income	247
Nonemployer pension contribution	<u>4,503</u>
Total nonoperating revenues	<u>4,750</u>

Income before contributions and transfers

Capital contributions	33,546
Transfers out	<u>(53,809)</u>
Change in net position	1,499
Net position, beginning	<u>916,250</u>
Net position, ending	<u>\$ 917,749</u>

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

**VILLAGE OF TURKEY CREEK, LOUISIANA**

**Statement of Cash Flows  
Proprietary Fund Type - Enterprise Fund  
For the Year Ended June 30, 2021**

Cash flows from operating activities:	
Receipts from customers	\$ 734,632
Payments to suppliers	(281,698)
Payments to employees	(396,185)
Other receipts	<u>64,460</u>
Net cash provided by operating activities	<u>121,209</u>
Cash flows from noncapital financing activities:	
Proceeds from grants	33,546
Net change in meter deposits	1,328
Transfers to other funds	<u>(53,809)</u>
Net cash used by noncapital financing activities	<u>(18,935)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(67,360)</u>
Cash flows from investing activities:	
Interest on investments	<u>247</u>
Net increase in cash and cash equivalents	35,161
Cash and cash equivalents, beginning	<u>153,909</u>
Cash and cash equivalents, ending	<u>\$ 189,070</u>
Reconciliation of operating income to net cash	
Operating income	\$ 17,012
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	73,981
Provision for uncollectible accounts	5,586
Pension expense	18,222
Changes in current assets and liabilities -	
Accounts receivable	(2,555)
Unbilled utility receivables	(1,166)
Prepaid expenses	(1,513)
Accounts payable	9,964
Accrued liabilities	<u>1,678</u>
Net cash provided by operating activities	<u>\$ 121,209</u>

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

## VILLAGE OF TURKEY CREEK, LOUISIANA

### Notes to Basic Financial Statements

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

The accompanying financial statements of the Village of Turkey Creek (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

The Village of Turkey Creek was incorporated in 1956, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government and provides the following services: public safety, highway and streets, water and sewer services, culture and recreation, and general administrative services.

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

##### B. Basis of Presentation

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

The government-wide financial statements provide operational accountability information for the Village as an economic unit. The government-wide financial statements report the Village's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the Village.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

## VILLAGE OF TURKEY CREEK, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Fund Financial Statements (FFS)

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, expenditures/expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements.

Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The General Fund is always a major governmental fund. Other individual major governmental and enterprise funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources, or liabilities and deferred inflows of resources, are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or enterprise fund) and at least five percent of the corresponding total for all governmental fund and enterprise funds combined or funds designated as major at the discretion of the Village. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements.

#### Governmental Funds -

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

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

#### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Village. The Village's major special revenue fund is the 1996 Sales Tax Special Revenue Fund. This fund is used to account for the proceeds of a two percent sales and use tax that is legally restricted to expenditures for specific purposes.

## VILLAGE OF TURKEY CREEK, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Proprietary Fund - Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village's enterprise fund is the Utility Fund.

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

##### Measurement Focus

The measurement focus determines the accounting and financial reporting treatment applied to a fund.

The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund type, the flow of economic resources, is based upon determination of net income, net position, and cash flows.

##### Basis of Accounting

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

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

## VILLAGE OF TURKEY CREEK, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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

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

#### Program revenues

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

#### Allocation of indirect expenses

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

#### Revenues

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

#### Operating Revenues and Expenses

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

## VILLAGE OF TURKEY CREEK, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Expenditures/Expenses

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

#### Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

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

##### Cash and interest-bearing deposits

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

##### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes, sales and use taxes, and franchise taxes. Business-type activities report customer utility service receivables as their major receivable. Uncollectible ad valorem taxes and utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2021, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for uncollectibles for customer utility receivables was \$84,747 at June 30, 2021. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

##### Interfund receivables and payables

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

## VILLAGE OF TURKEY CREEK, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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

#### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

#### Capital Assets

Capital assets, which include buildings and improvements, equipment and vehicles, utility system and improvements, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Village maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

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

#### Compensated Absences

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

## VILLAGE OF TURKEY CREEK, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. There is no long-term debt at June 30, 2021.

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.

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At June 30, 2021, the Village's deferred outflows of resources and deferred inflows of resources on the government-wide statement and proprietary fund enterprise fund statement are attributable to its pension plans.

#### Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense (See Note 8), have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Member's earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Non-employer contributions are recognized as revenue in the government-wide financial statements. In the governmental fund financial statements contributions are recognized as expenditures when made.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Equity Classifications**

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. It is the Village's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred. At June 30, 2021, the Village reported \$92,808 of restricted net position, which was restricted by enabling legislation.
- c. Unrestricted net position consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

It is the Village's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Village uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made. Proprietary fund equity is classified the same as in the government-wide statements.

F. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2021, the Village has cash and interest-bearing deposits (book balances) as follows:

Demand deposits	\$ 370,437
Time and savings deposits	<u>75,543</u>
Total	<u>\$ 445,980</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2021 were secured as follows:

Bank Balances	<u>\$ 483,817</u>
Federal deposit insurance	325,543
Pledged securities	<u>157,509</u>
Total	<u>483,052</u>
Amount uninsured	<u>\$ (765)</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deposits in the amount of \$157,509 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institutions' trust department or agent, but not in the Village's name. The Village had a deficiency of pledged securities at June 30, 2021 in the amount of \$765 . The Village does not have a policy for custodial credit risk.

**(3) Receivables**

Receivables at June 30, 2021 consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts, net	\$ -	\$ 71,413	\$ 71,413
Unbilled utility	- -	21,375	21,375
Highway maintenance	1,500	-	1,500
Insurance premium tax	3,664	-	3,664
Beer tax	180	-	180
Franchise tax	3,256	-	3,256
Sales tax	9,371	-	9,371
Total	<u>\$ 17,971</u>	<u>\$ 92,788</u>	<u>\$ 110,759</u>

**(4) Capital Assets**

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

	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
Governmental activities:				
Buildings and improvements	\$ 583,805	\$ -	\$ -	\$ 583,805
Equipment	96,772	5,733	-	102,505
Vehicles	79,836	-	56,836	23,000
Infrastructure	<u>303,876</u>	<u>-</u>	<u>-</u>	<u>303,876</u>
Totals	<u>1,064,289</u>	<u>5,733</u>	<u>56,836</u>	<u>1,013,186</u>
Less accumulated depreciation				
Buildings and improvements	396,817	27,427	-	424,244
Equipment	83,267	7,670	-	90,937
Vehicles	79,836	-	56,836	23,000
Infrastructure	<u>253,533</u>	<u>10,761</u>	<u>-</u>	<u>264,294</u>
Total accumulated depreciation	<u>813,453</u>	<u>45,858</u>	<u>56,836</u>	<u>802,475</u>
Governmental activities, capital assets, net	<u>\$ 250,836</u>	<u>\$ (40,125)</u>	<u>\$ -</u>	<u>\$ 210,711</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

	<u>Balance 7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 14,400	\$ -	\$ -	\$ 14,400
Other capital assets:				
Building and improvements	25,219	-	-	25,219
Water system	1,387,058	-	-	1,387,058
Sewer system	976,535	-	-	976,535
Office equipment	6,754	-	-	6,754
Machinery and equipment	158,592	-	-	158,592
Vehicles	81,054	67,360	28,496	119,918
<b>Totals</b>	<b><u>2,649,612</u></b>	<b><u>67,360</u></b>	<b><u>28,496</u></b>	<b><u>2,688,476</u></b>
Less accumulated depreciation				
Building and improvements	22,559	449	-	23,008
Water system	1,069,829	33,349	-	1,103,178
Sewer system	558,105	24,950	-	583,055
Office equipment	6,754	-	-	6,754
Machinery and equipment	146,320	5,672	-	151,992
Vehicles	81,054	9,561	28,496	62,119
<b>Total accumulated depreciation</b>	<b><u>1,884,621</u></b>	<b><u>73,981</u></b>	<b><u>28,496</u></b>	<b><u>1,930,106</u></b>
<b>Business-type activities, capital assets, net</b>	<b><u>\$ 764,991</u></b>	<b><u>\$ (6,621)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 758,370</u></b>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 603
Public safety	382
Public works	12,200
Culture and recreation	32,673
<b>Total depreciation expense</b>	<b><u>\$ 45,858</u></b>

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

Restricted assets consist of customers' deposits in the amount of \$8,951 at June 30, 2021.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Ad Valorem Taxes

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

For the year ended June 30, 2021, taxes of 6.60 mills were levied on property with assessed valuations totaling \$1,802,500. Total taxes levied were \$11,897.

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

Proceeds of a two percent sales and use tax (accounted for in the 1996 Sales Tax Fund - a special revenue fund) levied by the Village of Turkey Creek (2021 collections \$95,292) are dedicated for the purpose of acquiring, constructing, improving, maintaining and operating a community center for the Village and improving and maintaining public streets and drainage works in the Village.

(8) Pension Plans

The Village of Turkey Creek participates in two cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all City employees participate in one of the following retirement systems:

**Plan Descriptions**

Municipal Employees' Retirement System (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731. The Village participates in Plan A.

State of Louisiana - Municipal Police Employees' Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:2211 - 11:2233.

The systems' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

**VILLAGE OF TURKEY CREEK, LOUISIANA**

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

A brief summary of eligibility and benefits of the plans are provided in the following table:

	MERS	MPERS
Final average salary	Highest 60 months	Highest 36 months or 60 months <sup>2</sup>
Years of service required and/or age eligible for benefits	25 years of any age; 10 years age 60; 20 years any age <sup>1</sup>	25 years of any age; 20 years age 50; 12 years age 55; 20 years any age <sup>1</sup> ; 30 years any age <sup>3</sup> ; 25 years age 55 <sup>2</sup> ; 10 years age 60 <sup>2</sup>
Benefit percent per years of service	3.00%	2.50 - 3.33% <sup>3</sup>

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

<sup>2</sup> Under non hazardous duty sub plan commencing January 1, 2013

<sup>3</sup> Membership commencing January 1, 2013 non hazardous duty plan 2.5%, hazardous duty plan 3.0%. membership prior to January 1, 2013 3.33%.

### **Contributions**

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In addition, MERS receives a percentage of ad valorem taxes and MPERS receives a percentage of insurance premium taxes collected by parishes. These entities are not participating employers in the pension systems and are considered to be nonemployer contributing entities.

Contributions of employees, employers, and non-employer contributing entities effective for the year ended June 30, 2021, for the defined benefit pension plans in which the primary government is a participating employer were as follows:

Plan	Active Member Contribution Percentage	Employer Contribution Percentage	Amount from Nonemployer Contributing Entities	Amount of Government Contributions
MERS	10.00%	29.50%	\$ 4,948	\$ 64,189
MPERS	10.00%	33.75%	1,523	35,840

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Net Pension Liability**

The Village's net pension liability at June 30, 2021 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the Village is a participating employer. The Village's net pension liability for each plan was measured as of the plan's measurement date (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 proportionate share of the net pension liability for each of the plans in which it participates was based on the Village's required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the Village's proportion for each plan and the change in proportion from the prior measurement date were as follows:

Plan	Proportionate Share of Net Pension Liability	Proportionate Share (%) of Net Pension Liability	Increase/(Decrease) from Prior Measurement Date
MERS	\$ 315,349	0.072940%	0.021350%
MPERS	64,558	0.006985%	0.006985%
Total	<u>\$ 379,907</u>		

Since the measurement date of the net pension liability was June 30, 2020, the net pension liability is based upon fiduciary net position for each of the plans as of that date. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Village's net pension liability is available in the separately issued plan financial reports for fiscal year 2020. The financial report for each plan may be accessed on their website as follows:

MERS - <http://www.mersla.com/>

MPERS - <http://lampsers.org/>

**Actuarial Assumptions**

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the Village is a participating employer:

	MERS	MPERS
Date of experience study on which significant assumptions are based	7/1/2013 - 6/30/2018	7/1/2014 - 6/30/2019
Expected remaining service lives	3	4
Inflation Rate	2.50%	2.50%
Projected salary increases	4.5% - 6.4%	4.7% - 12.3%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(4), (5), (6)

## VILLAGE OF TURKEY CREEK, LOUISIANA

### Notes to Basic Financial Statements (Continued)

- (1) PUbG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
- (2) PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
- (3) PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with full generational MP2018 scale.
- (4) Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection MP2019 scale.
- (5) The Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females each will full generational projection MP2019 scale.
- (6) 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 MP2019 scale

#### **Cost of Living Adjustments**

The pension plans in which the Village participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis.

Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems of MERS and MPERS to grant a COLA, is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

#### **Discount Rate**

The discount rates used to measure the Village's total pension liability for each plan and the significant assumptions used in the determination of the discount rate for each plan are as follows:

	<u>MERS</u>	<u>MPERS</u>
Discount rate	6.95%	6.95%
Change in discount rate from prior valuation	-0.050%	-0.175%
Plan cash flow assumptions	(1)	(1)
Rates incorporated in the Discount Rate:		
Long-term Rate of Return	6.95%	6.95%
Periods applied	All	All
Municipal Bond Rate	N/A	N/A

\*Plan Cash Flow Assumptions:

- 1) Plan member contributions will be made at the current contributions rates and sponsor contributions will be made at the actuarially determined rates.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

The discount rates used to measure the Village's total pension liability for each plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. The long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following tables:

Asset Class	MERS*		MPERS*	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Public equity	53%	2.33%	48.50%	3.08%
Public fixed income	38%	1.67%	33.50%	0.54%
Alternative Investments	9%	0.40%	18.00%	1.02%
Total	<u>100%</u>	<u>4.40%</u>	<u>100%</u>	<u>4.64%</u>
Inflation		<u>2.60%</u>		<u>2.55%</u>
Nominal return		<u>7.00%</u>		<u>7.19%</u>

\*Arithmetic real rates of return

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2021, the Village recognized \$107,239 in pension expense related to all defined benefit plans in which it participates. MERS recognized revenues for ad valorem taxes and MPERS recognized revenues for insurance premium taxes, collected from non-employee contributing entities. The pension expense and revenues are summarized by plan in the following table:

Plan	Pension Expense	Revenues
MERS	\$ 84,213	\$ 4,948
MPERS	<u>23,026</u>	<u>1,523</u>
	<u>\$ 107,239</u>	<u>\$ 6,471</u>

**VILLAGE OF TURKEY CREEK, LOUISIANA**

Notes to Basic Financial Statements (Continued)

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

<b>MERS</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Difference between expected and actual experience	\$ 146	\$ 1,787
Change of assumptions	5,306	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	44,037	212
Net differences between projected and actual earnings on plan investments	31,468	-
Contributions subsequent to the measurement date	64,189	-
<b>Total</b>	<b>\$ 145,146</b>	<b>\$ 1,999</b>
<b>MPERS</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Difference between expected and actual experience	\$ -	\$ 2,543
Change of assumptions	1,534	1,593
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	43,183	5,271
Net differences between projected and actual earnings on plan investments	7,745	-
Contributions subsequent to the measurement date	35,840	-
<b>Total</b>	<b>\$ 88,302</b>	<b>\$ 9,407</b>

Deferred outflows of resources of \$100,029 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

<b>Year Ended June 30:</b>	<b>MERS</b>	<b>MPERS</b>
2022	\$ 39,829	\$ 12,895
2023	27,365	14,605
2024	7,150	14,087
2025	4,614	1,468
	<b>\$ 78,958</b>	<b>\$ 43,055</b>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Sensitivity of the Village's Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate**

The following presents the Village's proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the Village's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	6.95%	\$ 410,235	\$ 315,349	\$ 235,120
MPERS	6.95%	90,697	64,558	42,707
Total		<u>\$ 500,932</u>	<u>\$ 379,907</u>	<u>\$ 277,827</u>

**Payables to the Pension Plans**

The Village recorded accrued liabilities to each of the pension plans for the year ended June 30, 2021 for the contractually required contributions for the month of June 2021. The amounts are included in liabilities under the amounts reported as accounts and other payables. The amounts due to each plan at June 30, 2021 are as follows:

MERS	\$ 7,372
MPERS	<u>5,443</u>
	<u>\$ 12,815</u>

(9) On-behalf Payments for Salaries

The Village receives on-behalf payments from the State of Louisiana for police salaries. On-behalf payments to the Village totaled \$18,699 for the fiscal year ending June 30, 2021. Such payments are recorded as intergovernmental revenues and as public safety and general government expenditures in the government-wide and General Fund financial statements.

(10) Compensation of Village Officials

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

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

A detail of compensation, benefits, and other payments to Mayor, Phillip Cavins for the year ended June 30, 2021 follows:

Purpose	Amount
Salary	\$ 9,600
Cell phone	600
	<u>\$ 10,200</u>

(12) Interfund Transfers

Transfers consist of the following at June 30, 2021.

	Transfers In	Transfers Out
Major governmental funds:		
General Fund	\$ 53,809	\$ -
Proprietary fund:		
Enterprise Fund	-	53,809
Total	<u>\$ 53,809</u>	<u>\$ 53,809</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the utility fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(13) Risk Management

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. All these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(14) Pending Litigation

At June 30, 2021, the Village was not involved in any lawsuits that would have a material adverse effect on the Village's financial position.

(15) Risks and Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Village's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**VILLAGE OF TURKEY CREEK, LOUISIANA**

General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2021

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 33,953	\$ 29,027	\$ 26,362	\$ (2,665)
Licenses and permits	2,430	10,102	13,074	2,972
Intergovernmental	3,859	61,933	80,471	18,538
Fines and forfeits	68,714	418,031	433,020	14,989
Miscellaneous	<u>39,786</u>	<u>24,401</u>	<u>40,418</u>	<u>16,017</u>
Total revenues	<u>148,742</u>	<u>543,494</u>	<u>593,345</u>	<u>49,851</u>
<b>Expenditures:</b>				
Current -				
General government	75,397	65,843	90,427	(24,584)
Public safety	101,704	374,323	418,464	(44,141)
Culture and recreation	71,411	28,128	16,492	11,636
Capital outlay	<u>-</u>	<u>21,397</u>	<u>17,953</u>	<u>3,444</u>
Total expenditures	<u>248,512</u>	<u>489,691</u>	<u>543,336</u>	<u>(53,645)</u>
Excess (deficiency) of revenues over expenditures	(99,770)	53,803	50,009	(3,794)
<b>Other financing sources:</b>				
Transfers in	<u>64,500</u>	<u>52,026</u>	<u>53,809</u>	<u>1,783</u>
Net change in fund balance	(35,270)	105,829	103,818	(2,011)
Fund balance, beginning	<u>42,160</u>	<u>42,160</u>	<u>42,160</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,890</u>	<u>\$ 147,989</u>	<u>\$ 145,978</u>	<u>\$ (2,011)</u>

The accompanying notes are an integral part of this schedule.

VILLAGE OF TURKEY CREEK, LOUISIANA

1996 Sales Tax Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2021

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Sales taxes	\$ 58,000	\$ 83,684	\$ 95,292	\$ 11,608
Expenditures:				
Current -				
Public works	<u>44,519</u>	<u>72,279</u>	<u>65,453</u>	<u>6,826</u>
Net change in fund balance	13,481	11,405	29,839	18,434
Fund balance, beginning	<u>62,969</u>	<u>62,969</u>	<u>62,969</u>	<u>-</u>
Fund balance, ending	<u>\$ 76,450</u>	<u>\$ 74,374</u>	<u>\$ 92,808</u>	<u>\$ 18,434</u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF TURKEY CREEK, LOUISIANA**

**Schedule of Employer's Share of Net Pension Liability**  
**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)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>Municipal Employees' Retirement System of Louisiana:</b>					
2021	0.072940%	\$ 315,349	\$ 139,414	226.2%	64.52%
2020	0.059159%	247,205	108,916	227.0%	64.68%
2019	0.051093%	211,559	93,302	226.7%	65.60%
2018	0.043904%	183,669	79,731	230.4%	62.49%
2017	0.044090%	180,712	78,760	229.4%	62.11%
2016	0.038643%	138,039	76,880	179.6%	66.18%
2015	0.048667%	124,901	73,566	169.8%	74.00%
<b>Municipal Police Employees' Retirement System:</b>					
2021	0.006985%	\$ 64,558	\$ 21,993	293.5%	70.94%

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

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

The accompanying notes are an integral part of this schedule.

**VILLAGE OF TURKEY CREEK, LOUISIANA**

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

Year ended June 30,	Contributions in Relation to		Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
<b>Municipal Employees' Retirement System of Louisiana:</b>					
2021	\$ 64,189	\$ 64,189	\$ -	\$ 217,589	29.50%
2020	38,687	38,687	-	139,414	27.75%
2019	28,318	28,318	-	108,916	26.00%
2018	23,092	23,092	-	93,302	24.75%
2017	18,139	18,139	-	79,731	22.75%
2016	15,555	15,555	-	78,760	19.75%
2015	15,184	15,184	-	76,880	19.75%
<b>Municipal Police Employees' Retirement System:</b>					
2021	\$ 35,840	\$ 35,840	\$ -	\$ 106,193	33.75%

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

The accompanying notes are an integral part of this schedule.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

(2) Excess of Expenditures Over Appropriations

The General Fund incurred expenditures in excess of appropriations in the amount of \$53,645 for the year ended June 30, 2021.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Required Supplementary Information (Continued)

(3) Pension Plans

Changes of Benefit Terms –

There were no changes of benefit terms.

Changes of assumptions –

<sup>*</sup> Year Ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
<b>Municipal Employees' Retirement System of Louisiana:</b>					
2021	6.950%	6.950%	2.500%	3	4.5% to 6.4%
2020	7.000%	7.000%	2.500%	3	4.5% to 6.4%
2019	7.275%	7.275%	2.600%	3	5.00%
2018	7.400%	7.400%	2.775%	3	5.00%
2017	7.500%	7.500%	2.875%	3	5.00%
2016	7.500%	7.500%	2.875%	3	5.00%
2015	7.750%	7.750%	2.750%	3	5.75%
<b>Municipal Police Employees' Retirement System of Louisiana:</b>					
2021	6.950%	6.950%	2.500%	4	4.7% to 12.3%

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

**OTHER SUPPLEMENTARY INFORMATION**

VILLAGE OF TURKEY CREEK, LOUISIANA

General Fund  
Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2021

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Taxes:				
Ad valorem	\$ 13,866	\$ 11,813	\$ 11,785	\$ (28)
Franchise fees	<u>20,087</u>	<u>17,214</u>	<u>14,577</u>	<u>(2,637)</u>
Total taxes	<u>33,953</u>	<u>29,027</u>	<u>26,362</u>	<u>(2,665)</u>
Occupational licenses	2,430	10,102	13,074	2,972
Intergovernmental:				
State of Louisiana -				
Beer taxes	859	918	757	(161)
Highway maintenance	3,000	3,000	3,000	-
On-behalf payments	-	-	18,699	18,699
Federal grants	-	<u>58,015</u>	<u>58,015</u>	-
Total intergovernmental	<u>3,859</u>	<u>61,933</u>	<u>80,471</u>	<u>18,538</u>
Fines and forfeits	68,714	418,031	433,020	14,989
Miscellaneous:				
Rent income	7,614	6,480	7,145	665
Lil Dega Speedway	11,658	13,463	10,206	(3,257)
Other sources	<u>20,514</u>	<u>4,458</u>	<u>23,067</u>	<u>18,609</u>
Total miscellaneous	<u>39,786</u>	<u>24,401</u>	<u>40,418</u>	<u>16,017</u>
Total revenues	<u>\$ 148,742</u>	<u>\$ 543,494</u>	<u>\$ 593,345</u>	<u>\$ 49,851</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

General Fund  
Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2021

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
<b>Current:</b>				
General government -				
Advertising	\$ 4,091	\$ 2,130	\$ 2,445	\$ (315)
Bank charges	18	78	65	13
Conference	-	-	1,400	(1,400)
Fees and permits	468	42	235	(193)
Insurance	7,511	-	-	-
Miscellaneous	-	468	5,487	(5,019)
Office expenditures	859	154	431	(277)
Professional fees	15,433	17,467	23,616	(6,149)
Repairs and maintenance	3,462	5,263	11,822	(6,559)
Salaries and related benefits	35,785	34,026	37,646	(3,620)
Supplies	-	-	721	(721)
Telephone	5,868	5,826	5,429	397
Travel	198	-	-	-
Utilities	1,704	389	1,130	(741)
Total general government	<u>75,397</u>	<u>65,843</u>	<u>90,427</u>	<u>(24,584)</u>
Public safety - Police				
Fuel and supplies	3,701	19,241	35,520	(16,279)
Insurance	20,810	41,027	43,572	(2,545)
Miscellaneous	14,683	80,183	86,118	(5,935)
Repairs and maintenance	3,770	28,486	24,507	3,979
Salaries and related benefits	58,254	204,532	227,144	(22,612)
Telephone	486	854	775	79
Insurance	-	-	828	(828)
Total public safety - police	<u>101,704</u>	<u>374,323</u>	<u>418,464</u>	<u>(44,141)</u>

(continued)

VILLAGE OF TURKEY CREEK, LOUISIANA

General Fund  
 Budgetary Comparison Schedule - Expenditures (Continued)  
 For the Year Ended June 30, 2021

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Current:</b>				
Parks and recreation -				
Miscellaneous	5,734	210	1,160	(950)
Materials and supplies	30,980	25,258	12,726	12,532
Utilities	34,697	2,660	2,606	54
Total parks and recreation	<u>71,411</u>	<u>28,128</u>	<u>16,492</u>	<u>11,636</u>
Capital outlay	-	21,397	17,953	3,444
Total expenditures	<u>\$ 248,512</u>	<u>\$ 489,691</u>	<u>\$ 543,336</u>	<u>\$ (53,645)</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Enterprise Fund - Utility Fund  
Schedule of Number of Utility Customers  
June 30, 2021

Records maintained by the Village indicated the following number of customers were being serviced during the month of June 2021:

<u>Department</u>	
Water (metered)	1,726
Sewer	138

VILLAGE OF TURKEY CREEK, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity  
As Required by Act 87 of the 2020 Regular Legislative Session

Entity Name: Village of Turkey Creek

LLA Entity ID#: 2454

Date that reporting period ended: 6/30/2021

**Cash Basis Presentation**

**Beginning balance of amounts collected**

**Add: Collections**

	First Six Month Period Ended	Second Six Month Period Ended
<b>Beginning balance of amounts collected</b>	<u>\$ 26,292</u>	<u>\$ 32,367</u>
<b>Add: Collections</b>		
Civil fees	-	-
Bond fees	-	-
Asset forfeiture/sale	-	-
Pre-Trial Diversion Program fees	-	-
Criminal court costs/fees	-	-
Criminal fines - contempt	-	-
Criminal fines - other	213,244	219,775
Restitution	-	-
Probation/parole/supervision fees	-	-
Service/collection fees	-	-
Interest earnings on collected balances	-	-
Other	-	-
<b>Subtotal Collections</b>	<u>213,244</u>	<u>219,775</u>

**Less Disbursements to Governments & Nonprofits**

LA Traumatic Head and Spinal Cord Injury Trust Fund/Criminal Fines - Other	3,535	4,025
LA Commission of Law Enforcement/Criminal Fines - Other	1,386	1,578
LA Supreme Court/Criminal Fines - Other	354	403
Treasurer, State of Louisiana/Criminal Fines - Other	707	805
Acadiana Criminalistics Laboratory/Criminal Fines - Other	21,210	24,150

**Less Amounts Retained by Collecting Agency**

Collection fee for collecting/disbursing to others based on percentage of collection	-	-
Collection fee for collecting/disbursing to other based on fixed amount	-	-
<b>Amount "self-disbursed" to collecting agency</b>	-	-
Criminal Fines - Other	179,977	190,607

**Less Disbursements to Individuals/3rd party collection or processing agencies:**

Civil fee refunds	-	-
Bond fee refunds	-	-
Restitution payments to individuals	-	-
Other disbursements to individuals	-	-
Payment to 3rd party collecting/processing agencies	-	-
<b>Subtotal Disbursements/Retainage</b>	<u>207,169</u>	<u>221,568</u>

**Total: Ending Balance of Amounts Collected but not Disbursed/Retained**      **\$ 32,367**      **\$ 30,574**

Ending balance of "partial payments" collected but not disbursed      **\$ -**      **\$ -**

Other information:

Ending balance of total amounts assessed but not yet collected	-	-
Total waivers during the fiscal period	-	-

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Turkey Creek (Village), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 26, 2021.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2021-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2021-002, 2021-003, and 2021-004.

## **Village of Turkey Creek's Response to Findings**

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

## **Purpose of this Report**

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Ville Platte, Louisiana  
October 26, 2021

## VILLAGE OF TURKEY CREEK, LOUISIANA

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

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

##### A. Internal Control

###### **2021-001 Inadequate Segregation of Accounting Functions**

Fiscal year finding initially occurred: 2006

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

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Village does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

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

##### B. Compliance

###### **2021-002 Budget Amendment**

Fiscal year finding initially occurred: 2020

CONDITION: Actual expenditures exceeded budgeted expenditures by five percent or more in the General Fund.

VILLAGE OF TURKEY CREEK, LOUISIANA

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

CRITERIA: LRS 39:1311 et seq, *Budgetary Authority and Control*, provides for "amending the budget when total revenue plus projected revenue are failing to meet total budget revenues by 5% or more, or when total expenditures plus projected expenditures exceed budgeted expenditures by 5% or more."

CAUSE: The Village failed to monitor expenditures and amend the budget to reflect current spending.

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

RECOMMENDATION: We recommend that the Village monitor spending and amend the budget in accordance with the requirements of RS 39:1311 of the Local Government Budget Act.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village will amend the budget in accordance with the provisions of RS 39:1311 of the Local Government Budget Act.

**2021-003 Security for Deposits**

Fiscal year finding initially occurred: 2021

CONDITION: Bank balances at June 30, 2021 were not fully collateralized at one financial institution. Deposits were under secured in the amount of \$765.

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

CAUSE: The Village did not monitor the collateralization of deposits to ensure proper coverage.

EFFECT: Having unsecured deposits violates LRS 39:1225 and increases the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered.

RECOMMENDATION: Management should implement procedures to ensure that the Village's deposits are regularly monitored and fully secured at all times as required by LRS 39:1225.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village will monitor securities pledged at all banks to ensure bank balances are adequately insured.

VILLAGE OF TURKEY CREEK, LOUISIANA

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

**2021-004 Compliance with Public Bid law**

Fiscal year finding initially occurred: 2021

CONDITION: Two vehicles purchased by the Village under the requirements of LRS 38:321.1, also referred to as "piggybacking" did not meet the time criteria required by the statute.

CRITERIA: LRS 38:321.1 *Additional Procurement Methods*, states that material, supplies, vehicles, and equipment purchased through an existing public contract of another political subdivision must be acquired within one year of the opening of the bids of the political subdivision bidding the contract.

CAUSE: The Village failed to follow the requirements of LRS 38:321.1, *Additional Procurement Methods*.

EFFECT: Noncompliance with public bid laws could result in over expenditure of public funds.

RECOMMENDATION: We recommend that the Village follow all public bid law requirements. If the Village chooses to piggyback off another entity, all requirements of the applicable statute should be followed.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village will ensure that the public bid law will be followed for all future purchases of materials, supplies, vehicles, and equipment.

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

A. Internal Control

**2020-001 Inadequate Segregation of Accounting Functions**

Fiscal year finding initially occurred: 2006

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

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: See finding 2021-001.

VILLAGE OF TURKEY CREEK, LOUISIANA

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

B. Compliance

**2020-002 Compliance with Budget Act**

Fiscal year finding initially occurred: 2020

CONDITION: Actual expenditures exceeded budgeted expenditures by five percent or more in the General Fund and 1996 Sales Tax Fund.

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

CURRENT STATUS: See finding 2021-002.

C. Management Letter

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

CURRENT STATUS: No management letter was necessary for the year ended June 30, 2021.