

VILLAGE OF MCNARY

**FINANCIAL REPORT
JUNE 30, 2023**

**SHANNA JONES, CPA
WINNFIELD, LOUISIANA**

VILLAGE OF MCNARY
FINANCIAL REPORT
JUNE 30, 2023

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Shanna Jones, CPA

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Donald Parker II, Mayor
and Members of the Board of Aldermen
Village of McNary
Glenmora, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of Village of McNary, Glenmora, Louisiana as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of the Village of McNary, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Basis for Qualified Conclusion

As explained in Note 8 to the financial statements, management has not recorded a liability for net pension liability nor the deferred inflows and outflows related to the Municipal Police Employees Retirement System (MPERS) in governmental activities and, accordingly, has not recorded the full expenditure for the current period change in that liability. Accounting principles generally accepted in the United States of America require that net pension liability, deferred in/outflows and pension expense attributable to employee services already rendered be accrued as liabilities,

deferred inflows, deferred outflows and expenditures of the governmental activities. Management believes that the amount by which this departure would affect the liabilities and expenditures of the governmental activities is not reasonably determinable as the actuarial calculations are complex and the Village was not included in the prior year audit of MPERS.

Qualified Conclusion

Based on my review, except for the issue noted in the Basis for Qualified Conclusion paragraph, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules on pages 32 and 34 be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The supplementary information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I am not aware of any material modifications that should be made thereto.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require 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 appropriate operational, economic, or historical context. The results of my review of the basic financial statements are not affected by this missing information.

Other Supplementary Information

Act 706 of the Louisiana 2014 Legislative Session as amended by Act 462 of the 2015 session requires a Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head or Chief Executive Officer supplement the financial statements. Act 87 of the 2020 Louisiana Legislative Session requires a Justice System Funding Schedule—Collecting/Disbursing Entities. These schedules are presented on pages 36 and 37 respectively for purposes of additional analysis and they are not required parts of the basic financial statements. The supplementary information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for Act 706's Schedule to be in accordance with accounting principles generally accepted in the United States of America and Act 87's Schedule to be in accordance with cash basis presentation, which is a basis of accounting other than US GAAP and the reporting framework prescribed by Louisiana Revised Statute 24:515.2. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated November 6, 2023, on the results of our agreed-upon procedures on pages 38 through 41. Pages 42 through 44 present the Louisiana Attestation Questionnaire.

A handwritten signature in cursive script that reads "Shanna Jones".

Shanna Jones, CPA
Winnfield, Louisiana
November 6, 2023

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

VILLAGE OF MCNARY
STATEMENT OF NET POSITION
JUNE 30, 2023

Assets.	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current Assets.			
Cash & Cash Equivalents	\$ 276,735	\$ 12,791	\$ 289,526
Investments	28,535	18,024	46,559
Receivables, Net	7,061	8,074	15,135
Prepaid Expenses	<u>3,212</u>	<u>638</u>	<u>3,850</u>
Total Current Assets	<u>315,543</u>	<u>39,527</u>	<u>355,070</u>
Non-Current Assets:			
Restricted:			
Cash & Cash Equivalents	-	41,643	41,643
Investments	-	34,508	34,508
Capital Assets			
Depreciable (Net of Depreciation)	315,870	443,485	759,355
Non-Depreciable	<u>38,009</u>	<u>-</u>	<u>38,009</u>
Total Non-Current Assets	<u>353,879</u>	<u>519,636</u>	<u>873,515</u>
Total Assets	<u>669,422</u>	<u>559,163</u>	<u>1,228,585</u>
Liabilities:			
Current Liabilities.			
Accounts Payable	9,646	3,049	12,695
Accrued Liabilities	6,100	1,708	7,808
Customer Deposits	-	16,650	16,650
Bonds Payable-Current Portion	<u>-</u>	<u>5,798</u>	<u>5,798</u>
Total Current Liabilities	<u>15,746</u>	<u>27,205</u>	<u>42,951</u>
Long-Term Liabilities:			
Bonds Payable-Net of Current	<u>-</u>	<u>130,067</u>	<u>130,067</u>
Total Liabilities	<u>15,746</u>	<u>157,272</u>	<u>173,018</u>
Net Position:			
Net Investment in Capital Assets	353,879	307,620	661,499
Restricted	-	30,220	30,220
Unrestricted	<u>299,797</u>	<u>64,051</u>	<u>363,848</u>
Total Net Position	<u>\$ 653,676</u>	<u>\$ 401,891</u>	<u>\$ 1,055,567</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF MCNARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

<u>Program Activities</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue & Changes in Net Position</u>		
		<u>Fines, Fees, Commissions & Charges for Services</u>	<u>Grants & Contributions Operating</u>	<u>Capital</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:							
General & Admin	\$ 65,218			\$ -	\$ (65,218)		\$ (65,218)
Public Safety:							
Police	240,767	\$ 208,051	\$ 15,250		(17,466)		(17,466)
Fire	4,200				(4,200)		(4,200)
Public Works:							
Sanitation	11,770	9,994			(1,776)		(1,776)
Streets	24,885				(24,885)		(24,885)
Culture & Rec	4,311				(4,311)		(4,311)
Total Governmental	351,151	218,045	15,250		(117,856)		(117,856)
Business-type Activities:							
Water	118,143	87,604	3,467	38,898		\$ 11,826	11,826
Total Business-type	\$ 118,143	\$ 87,604	\$ 3,467	\$ 38,898		11,826	11,826
General Revenues:							
Taxes:							
Franchise					6,792		6,792
Sales					57,785		57,785
Licenses & Permits					4,574		4,574
Interest Earnings					113	175	288
Miscellaneous					1,929		1,929
Transfers In Out					39,963	(39,963)	-
Total General Revenues and Transfers					111,156	(39,788)	71,368
Change in Net Position					(6,700)	(27,962)	(34,662)
Net Position July 1, 2022					660,376	429,853	1,090,229
Net Position June 30, 2023					<u>\$ 653,676</u>	<u>\$ 401,891</u>	<u>\$ 1,055,567</u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

VILLAGE OF MCNARY
BALANCE SHEET—GOVERNMENTAL FUND
JUNE 30, 2023

Assets:

Current Assets:

Cash & Cash Equivalents	\$	276,735
Investments		28,535
Receivables, Net		
Occupational/Franchise		1,153
Garbage		801
Sales & Use Taxes		5,107
Prepaid Expenses		<u>3,212</u>
 Total Assets		 <u><u>315,543</u></u>

Liabilities:

Current Liabilities:

Accounts Payable		9,646
Accrued Liabilities		<u>6,100</u>
 Total Liabilities		 <u>15,746</u>

Fund Balance:

Nonspendable		3,212
Unassigned		<u>296,585</u>
 Total Fund Balance		 <u>299,797</u>

Total Liabilities & Fund Balance	\$	<u><u>315,543</u></u>
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See accompanying notes and independent accountant's review report.

VILLAGE OF MCNARY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total Fund Balance for the Governmental Fund at June 30, 2023	\$ 299,797
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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 fund. Those assets consist of:

Non-Depreciable	38,009	
Depreciable	721,406	
Less: Accumulated Depreciation	<u>(405,536)</u>	<u>353,879</u>

Total Net Position of Governmental Activities at June 30, 2023	\$ <u>653,676</u>
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See accompanying notes and independent accountant's review report.

VILLAGE OF MCNARY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE—GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Revenues:		
Taxes:		
Franchise	\$	6,792
Sales		57,785
Licenses & Permits		4,574
Fines, Fees, Commissions & Charges for Services:		
Fines		208,051
Sanitation Fees		9,994
Intergovernmental:		
Supplemental Pay		15,250
Miscellaneous:		
Interest Earned		113
Other		<u>1,929</u>
Total Revenues		<u>304,488</u>
Expenditures:		
Current:		
General & Administrative		61,675
Public Safety:		
Police		220,872
Fire Protection		4,200
Public Works:		
Sanitation		11,770
Streets		8,840
Culture & Recreation		375
Capital Outlay		<u>6,572</u>
Total Expenditures		<u>314,304</u>
Excess of Revenues over Expenditures	(9,816)
Other Financing Sources/(Uses):		
Transfers In/Out		<u>39,963</u>
Total Other Financing Sources/(Uses)		36,963

(Continued)

VILLAGE OF MCNARY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE—GOVERNMENTAL FUND (continued)
FOR THE YEAR ENDED JUNE 30, 2023

Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	30,147
Fund Balance—Beginning of Year	<u>269,650</u>
Fund Balance—End of Year	<u>\$ 299,797</u>

See accompanying notes and independent accountant's review report.

(Concluded)

VILLAGE OF MCNARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balance—Governmental Fund	\$	30,147
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Amounts reported for Governmental Activities
in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of Capital Assets recorded in the current period is		6,572
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Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	(<u>43,419)</u>
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Net Change in Net Position per Statement of Activities— Governmental Activities	\$ (<u><u>6,700)</u></u>
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See accompanying notes and independent accountant’s review report.

VILLAGE OF MCNARY
STATEMENT OF NET POSITION—PROPRIETARY FUND
JUNE 30, 2023

Assets:

Current Assets:

Cash & Cash Equivalents	\$ 12,791
Investments	18,024
Receivables, Net	8,074
Prepaid Insurance	<u>638</u>
Total Current Assets	<u>39,527</u>

Non-Current Assets:

Restricted:

Cash & Cash Equivalents	41,643
Investments	34,508

Capital Assets

Depreciable (Net of Depreciation)	443,485
Non-Depreciable	<u>-</u>

Total Non-Current Assets	<u>519,636</u>
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Total Assets	<u>559,163</u>
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Liabilities:

Current Liabilities:

Accounts Payable	3,049
Accrued Liabilities	1,708
Customer Deposits	16,650
Bonds Payable-Current Portion	<u>5,798</u>
Total Current Liabilities	<u>27,205</u>

Long-Term Liabilities:

Bonds Payable-Net of Current	<u>130,067</u>
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Total Liabilities	<u>157,272</u>
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Net Position:

Net Invested in Capital Assets	307,620
Restricted	30,220
Unrestricted	<u>64,051</u>

Total Net Position	<u>\$ 401,891</u>
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See accompanying notes and independent accountant's review report.

VILLAGE OF MCNARY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION—PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

Operating Revenues:	
Charges for Services	\$ <u>87,604</u>
Total Operating Revenues	<u>87,604</u>
Operating Expenses:	
Salaries & Related Expenses	34,706
Office Supplies	2,605
Professional Fees	3,463
Repairs & Maintenance	18,719
Utilities	8,593
Depreciation	32,488
Water Chlorination	2,582
Insurance	<u>8,405</u>
Total Operating Expenses	<u>111,561</u>
Net Operating Income (Loss)	<u>(23,957)</u>
Non-Operating Revenues (Expenses):	
Investment Interest	175
Grant Income	3,467
Investment Expenses	<u>(6,582)</u>
Total Non-Operating Revenues (Expenses)	(2,940)
Net Income before Transfers and Other Source/Uses	(26,897)
Other Financing Sources/(Uses):	
ARPA Funds	38,898
Transfers In/(Out)	<u>(39,963)</u>
Total Other Financing Sources/(Uses)	(1,065)
Change in Net Position	(27,962)
Net Position—Beginning of Year	<u>429,853</u>
Net Position—End of Year	<u>\$ 401,891</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF MCNARY
STATEMENT OF CASH FLOWS—PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:

Receipts from Customers	\$ 88,445
Payments to Suppliers	(43,841)
Payments to Employees	(33,876)
Other Receipts (Payments)	<u>1,275</u>
Net Cash (Used) by Operating Activities	<u>12,003</u>

Cash Flows from NonCapital & Related Financing Activities:

NonCapital Grant Proceeds	3,467
Transfers from General Fund	<u>(39,963)</u>
Net Cash Provided by NonCapital & Related Financing Activities	<u>(36,496)</u>

Cash Flows from Capital & Related Financing Activities:

Principal Paid on Bonds	(5,529)
Interest Paid on Bonds	(6,582)
Intergovernmental Capital Grant (ARPA) Proceeds	<u>38,898</u>
Net Cash (Used) by Capital & Related Financing Activities	<u>26,787</u>

Cash Flows from Investing Activities:

Interest Earned on Operating Accounts	<u>71</u>
Net Cash Provided by Investing Activities	<u>71</u>

Net Increase (Decrease) in Cash & Cash Equivalents 2,365

Cash & Cash Equivalents—Beginning of Year 52,069

Cash & Cash Equivalents—End of Year \$ 54,434

Reconciliation of Cash & Cash Equivalents:

Per the Statement of Net Position:	
Unrestricted—Cash & Cash Equivalents	\$ 12,791
Restricted—Cash & Cash Equivalents	<u>41,643</u>
Total Cash & Cash Equivalents—End of Year	<u><u>\$ 54,434</u></u>

(Continued)

VILLAGE OF MCNARY
STATEMENT OF CASH FLOWS—PROPRIETARY FUND (continued)
FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Activities:

Operating Income/(Loss)	\$ (23,957)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	32,488
Changes in Assets & Liabilities:	
(Increase)/Decrease in Accounts Receivable, Net	841
(Increase)/Decrease in Prepaid Expenses	68
Increase/(Decrease) in Accounts Payable	458
Increase/(Decrease) in Accrued Liabilities	830
Increase/(Decrease) in Customer Deposits	1,275
Net Cash Provided by Operating Activities	\$ 12,003

See accompanying notes and independent accountant's review report.

(Concluded)

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF McNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1—INTRODUCTION

The Village of McNary in Glenmora, Louisiana (hereafter referred to as the Village) was incorporated August 6, 1913, under the provisions of the Lawrason Act, Louisiana Revised Statute 33:321. The Village operates under a Mayor-Board of Aldermen form of government.

The Mayor is elected for a four-year term. The three Aldermen are elected every four years from the Village at large. They are compensated for their services.

The Village provides the following services: public safety, streets, drainage, utilities (water only), public improvements, planning and zoning and general and administrative services.

The Village is located in the south part of Rapides Parish. It has a population of approximately 200 people. It is currently servicing the Village water and garbage customers. The Village employs approximately 14 people.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Village of McNary, Glenmora, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to guides set forth in the *Louisiana Governmental Audit Guide*.

Reporting Entity

Governmental Accounting Standard Board (GASB) Statement No. 61 amended No 14's established the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under these provisions, the Village of McNary is considered a primary government, since the Village is an independently elected parish official and is not fiscally dependent on any other governmental entity. The primary government is required to consider all entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The accompanying financial statements present information only on the funds that comprise the Village of McNary, the primary government.

Basis of Presentation

Government-Wide Financial Statements (GWFS):

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Government-Wide statements distinguish between governmental-type and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues and are usually reported in governmental and internal service funds. Business

VILLAGE OF MCNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity—Interfund receivables and payables are eliminated in the Statement of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they are allocated.

Application of FASB Statements and Interpretations—Reporting on governmental-type and business-type activities are based on FASB Statements and the Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalized Assets—Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position. Depreciation of contributed assets of the proprietary fund is charged against contributed capital as opposed to unrestricted net position.

Under the requirements of GASB Statement No. 34, the Village is considered a Phase 3 government as its total annual revenues is less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. Therefore, the Village has opted not to retroactively report these types of capital assets.

Program Revenues—The Statement of Activities presents three categories of program revenues - (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Village. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for specific use.

Indirect Expenses—Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Village has chosen not to do so.

Operating Revenues—Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Village's operation of providing water services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

VILLAGE OF MCNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Restricted Net Position—Restricted net position are those for which a constraint has been imposed either externally or by law. The Village recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net position are used.

Fund Financial Statements (FFS):

The accounts of the Village are organized 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 various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village. The funds of the Village are described as follows:

Governmental Funds:

General Fund—The General Fund accounts for the Village’s general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. It is the general operating fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds.

Proprietary Funds:

The Proprietary Fund accounts for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Proprietary fund differs from the governmental fund in that its focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary fund accounts for operations (a) 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.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made.

Accrual Basis—Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements in the GWFS along with Proprietary Funds found

VILLAGE OF MCNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

in the FFS are prepared using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the exchange.

Modified Accrual Basis—Fund Financial Statements (FFS)

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

Assets Liabilities and Equity

Cash and Cash Equivalents—The Village’s cash is considered to be cash in demand deposits and interest bearing deposits. Cash equivalents include all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates.

Investments—Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. All investments of the Village are certificates of deposits held at a bank in Glenmora, Louisiana and the fair value is determined by the face value of the certificate.

Bad Debts/Allowance for Doubtful Accounts for the Proprietary Fund - Water Receivable accounts are based on the collectability of outstanding receivables. Uncollected amounts due for customers’ utility receivables are recognized as bad debts at the time information becomes available which would indicate the collectability of the particular receivable. At June 30, 2023, \$286 of accounts were considered uncollectible and therefore a provision for these uncollectible accounts was made at this time.

Restricted Assets—Certain proceeds of proprietary fund are classified as restricted assets on the balance sheet because their use is limited. The Village collects deposits from their water customers. These collections are not kept in a separate account. All transactions are collected and paid out of the regular checking account for the convenience of the Village employees. Over the years the Restricted Bond Funds have been over restricted. Since the Village does not maintain a separate account for utility deposits, the over restriction of the bond funds are applied to the amount that should be restricted for utility deposits.

VILLAGE OF MCNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Inventories—The Village does not maintain inventories. Supplies are purchased on an as needed basis and are used normally within the year purchased.

Capital Assets—The Village’s assets are recorded at historical cost. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Equipment and Furniture	3 - 10 Years	Buildings	39 - 40 Years
Utility Plant/Water system	5 - 50 Years	Infrastructure	40 - 60 Years
Vehicles	5 - 10 Years		

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the Village has elected to not report its governmental infrastructure retroactively. The infrastructure currently being depreciated over a period of 50 years is the water system that is reported in the business-type activities of the Village. From this point forward, the Village will use the basic approach to infrastructure reporting for its governmental activities.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized. Also the Village’s FFS expense assets as capital outlays in the year occurring.

Compensated Absences—Employees are not allowed to carry leave forward from year to year, therefore, there is no entry made for compensated absences.

Pension—In May 2022 an employee went full time and became required to participate in MPERS. It appears they did not make contributions in time to be included in the audited plan report. See Note 8.

Long-Term Obligations—In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Equity Classifications—In the Government-Wide Financial Statements, equity is classified as net assets and displayed in three components as applicable. The components are as follows:

Net Invested in Capital Assets—Capital assets including restricted capital assets, when applicable, net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

VILLAGE OF MCNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Restricted Net Position—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.

Unrestricted Net Position—All other net position that do not meet the definition of “restricted” or “invested in capital assets.”

In the Fund Financial Statements, governmental fund equity is classified as fund balance. Beginning with fiscal year 2012, the Village implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- c. Committed fund balance - amounts constrained to specific purposes by a government itself using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund, the Village’s only major governmental fund, has a nonspendable fund balance of \$3.212 which represents prepaid expenses. The remaining general fund balance of \$296.585 is classified as unassigned.

Sales Taxes—The Village receives a percent of the Rapides parish wide one cent sales tax which is based on a formula developed in 1967. The Village also receives a portion of the half cent parish wide sales tax for road maintenance. The road maintenance sales tax receipt is based on the percent of McNary’s population as it relates to the total population of Rapides parish. The police jury collects and distributes both parish wide sales taxes. The road maintenance sales taxes are restricted to road maintenance at the parish level but are not restricted at the Village level. Any funding needed for road maintenance in the Village will be financed through the parish police jury’s portion of the half cent parish wide sales tax fund.

VILLAGE OF MCNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

The road maintenance sales taxes are restricted to road maintenance at the parish level but are not restricted at the Village level. Any funding needed for road maintenance in the Village will be financed through the parish police jury's portion of the half cent parish wide sales tax fund.

Budget

The Village adopts an annual budget for the General Fund and Proprietary Fund. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the Board of Aldermen. Budgeted amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed on an as-needed basis.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3—CASH AND CASH EQUIVALENTS

At June 30, 2023, the carrying amount of the Village's cash and cash equivalents and investments of governmental and proprietary funds (collected bank balances) totaled \$413,745. This was comprised of \$332,678 in restricted and unrestricted cash along with \$81,067 in investments restricted and unrestricted. Custodial risk for deposits is the risk that in the event of failure of a depository financial institution, the Village's deposits may not be recovered, they may not be able to recover the collateral securities that are in the possession of an outside party. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agents. These securities are held in the name of the pledging fiscal agent banks in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2023, the Village's deposits were secured from risk by federal deposit insurance of \$250,000; the remainder by pledged securities in the name entity by the fiscal agent bank with a market value greater than the remaining amount. The Village does not have a policy for custodial credit risk.

Even though the pledged securities are considered uncollateralized, the Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

VILLAGE OF MCNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4—REVENUES RECEIVABLE

The following is a summary of receivables as of June 30, 2023.

Receivables, Net:	
General Fund:	
Occupational/Franchise	\$ 1,153
Garbage	801
Sales & Use Taxes	5,107
Proprietary Fund:	
Water Accounts Receivable, net	<u>8,074</u>
Total	<u>\$ 15,135</u>

The water accounts receivable is net of \$286 allowance for doubtful accounts.

NOTE 5—CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 are as follows:

	<u>Balance</u> <u>07/01/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/23</u>
Governmental Activities:				
Capital Assets—Not Depreciated:				
Land	\$ 38,009	\$ -	\$ -	\$ 38,009
Capital Assets—Depreciated:				
Furniture, Equipment & Vehicles	255,022	6,572	-	261,594
Improvements & Infrastructure	403,410	-	-	403,410
Buildings	<u>56,402</u>	<u>-</u>	<u>-</u>	<u>56,402</u>
Total Depreciated Assets	<u>714,834</u>	<u>6,572</u>	<u>-</u>	<u>721,406</u>
Total Assets	<u>752,843</u>	<u>6,572</u>	<u>-</u>	<u>759,415</u>
Less Accumulated Depreciation:				
Furniture, Equipment & Vehicles	168,766	29,077	-	197,843
Improvements & Infrastructure	161,629	12,033	-	173,662
Buildings	<u>31,722</u>	<u>2,309</u>	<u>-</u>	<u>34,031</u>
Total Accum. Depreciation	<u>362,117</u>	<u>43,419</u>	<u>-</u>	<u>405,536</u>
Net Capital Assets, Governmental	<u>\$ 390,726</u>			<u>\$ 353,879</u>

Governmental Activities depreciation expense for the year ended June 30, 2023 of \$43,419 is charged as follows: \$3,543 to General & Administrative, \$16,045 to Streets, \$19,895 to Public Safety and \$3,936 to Culture & Recreation expenditures. The new assets purchased included a printer for the General office, another printer, computer, tasers and body camera for Public Safety.

VILLAGE OF McNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

	<u>Balance</u> <u>07/01/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/23</u>
Business-type Activities:				
Capital Assets—Depreciated:				
Equipment & Vehicles	79,313	-	-	79,313
Water System	952,344	-	-	952,344
Buildings	<u>17,319</u>	<u>-</u>	<u>-</u>	<u>17,319</u>
Total Depreciated Assets	<u>1,048,976</u>	<u>-</u>	<u>-</u>	<u>1,048,976</u>
Less Accumulated Depreciation:				
Equipment & Vehicles	31,297	5,626	-	36,923
Water System	524,387	26,862	-	551,249
Buildings	<u>17,319</u>	<u>-</u>	<u>-</u>	<u>17,319</u>
Total Accum. Depreciation	<u>573,003</u>	<u>32,488</u>	<u>-</u>	<u>605,491</u>
Net Capital Assets, Business-type	<u>\$ 475,973</u>			<u>\$ 443,485</u>

Business-type Activities depreciation expense for the year ended June 30, 2023 of \$32,488 is charged to Water expenditures. Net investment in business type activities on the Statement of Net Position shows the above net capital assets less bonds payable of \$135,865, See Note 9.

NOTE 7—COOPERATIVE ENDEAVORS/SERVICE LEASE/FRANCHISE AGREEMENTS

Operating Lease-Service Agreement

The Village of McNary has a contract with Progressive Waste/Waste Connections to provide garbage pickup for Village residents. This contract is for five years ending March 31, 2022. The contract terms state the contract will automatically renew unless written notice is given. The contract for services costs \$11.75 plus taxes and other applicable adjustments per month per customer. The Village has the customer paying \$11.50 of this cost. The General Fund pays the difference plus a monthly fuel charge and the cost of a cart identifying Village customers.

Cooperative Endeavor Agreements

The Village of McNary and the Spring Creek Community Volunteer Fire Department, and the Rapides Parish Fire Protection District No. 11 entered into an agreement effective July 26, 2000 to provide the Village of McNary with fire and medical emergency services. The Village agreed to pay \$4,200 per year for these services. The payments are to be paid per quarter beginning July 26 each year. There are additional monthly costs for emergency and structure response. The term of this agreement is for a two year period commencing upon the effective date of the agreement. This contract has been renewed every two years since 2000 with the current cycle ending March 2023. In addition the Village of McNary entered into an agreement effective December 29, 2017 with the Rapides Parish Fire Protection District No. 11 to provide the District with building rental for fire and medical emergency equipment. This agreement is cancellable by either party upon sixty day written notice.

The Village of McNary also entered a joint endeavor agreement with the Town of Glenmora which allows Glenmora to service the Village's citizens with sewer services.

VILLAGE OF McNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Franchise Agreement

The Village of McNary entered into a franchise agreement with Cleco effective July 14, 2016 and for thirty years thereafter. The agreement allows Cleco (the “Company”) to provide residential and commercial electric utilities for customers within the Village. The terms require the Company to pay 4% of these sales quarterly to the Village with certain exclusions.

NOTE 8—PENSION

The Village of McNary began paying contributions to the Municipal Police Employees’ Retirement System (MPERS) in July of 2023 for their police chief who went full-time in May of that year. The employee and employer contributions for the fiscal year ended June 30, 2022 were accrued as payable for that year in the amount of \$2,226. The Village was charged penalties and interest for the delinquent payments. For the fiscal year ended June 30, 2023, contributions of both the employee and employer portion of pension were \$4,475 and \$13,985 respectively. MPERS 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 payments to MPERS were not included in the audited financial statements of the System. The Village did not find it cost effective to hire an actuary to calculate the portion of Net Pension Liability, deferred inflows, deferred outflows, and related pension expense, therefore the Village does not appear to be in compliance with GASB 68. See Independent Accountant’s Report, Qualified Conclusion, and the Schedule of Findings.

NOTE 9—LONG TERM DEBT

Bonds payable in the Proprietary Fund at June 30, 2023 are comprised of the following:

- Two Water Revenue Bonds, Series 1999 issued and dated July 13, 2000 with interest at 4.75% and due in monthly installments over 40 years:
 - Bond R-1 for \$201,000 due in monthly installments of \$944.70
 - Bond R-2 for \$ 14,000 due in monthly installments of \$ 65.80

The annual requirements to amortize 2001 non-major debt outstanding as of June 30, 2023, including interest payments of \$70,277 are as follows:

VILLAGE OF MCNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

YEAR ENDING JUNE 30	PRINCIPLE	INTEREST	TOTAL PAYMENTS
2024	\$ 5,798	\$ 6,328	\$ 12,126
2025	6,079	6,047	12,126
2026	6,374	5,752	12,126
2027	6,684	5,442	12,126
2028	7,008	5,118	12,126
2029 - 2033	40,486	20,144	60,630
2034 - 2038	51,315	9,315	60,630
2039	12,121	12,131	24,252
TOTALS	<u>\$ 135,865</u>	<u>\$ 70,277</u>	<u>\$ 206,142</u>

Bonds payable as of 7/1/22	\$141,394
Principal paydown during the year	<u>(5,529)</u>
Bonds payable as of 6/30/23	<u>\$135,865</u>

NOTE 10—PROPRIETARY FUND: NET POSITION, RESTRICTED

The Proprietary Fund has Restricted Net Position which are comprised of the following as of June 30, 2023.

Bond Reserve/Retirement Net Position	\$ 12,126
Renewal & Replacement Net Position	<u>18,094</u>
Total Restricted Net Position	<u>\$ 30,220</u>

BOND RESERVE NET POSITION —Under the terms of the Series 1999 bond indenture a sum equal to 5% of the monthly payment must be deposited monthly into a fund until the moneys equal the highest combined annual debt service in any future year on the outstanding bonds. The highest payment total is \$ 12,126.

RENEWAL AND REPLACEMENT NET POSITION—A sum of approximately \$86 is to be paid monthly into the Replacement Net Position over the life of the Bond.

Subject to the foregoing, which are cumulative, any balance in the Water Revenue Fund shall be used for the purpose of acquiring for cancellation, the outstanding Water Revenue Bonds or for redeeming the outstanding Water Revenue Bonds in inverse numerical order, at par and accrued interest to the call date, or any other lawful purpose whether or not connected with the System.

VILLAGE OF MCNARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11—MAYOR & ALDERMEN COMPENSATION

Donald Parker, II—Mayor	\$ 9,497
Aldermen:	
Barbara Billings	2,435
Danita Davis	2,087
Billy Billings	4,522
Lee Book	4,175

The current aldermen terms of service expire December 31, 2026.

NOTE 12—ARPA FUNDS

Congress passed the American Rescue Plan Act (ARPA) which allowed governmental entities to file for and receive funds related to a loss of revenues as a result of COVID. These entities could calculate the lost revenues based on a formula from US Treasury or elect to receive a standard allowance calculated by the US Treasury. The Village elected the standard amount and was approved for funds allocated in the amount of \$77,796. During the fiscal year ended June 30, 2022, the Village received \$38,898 which was recorded as grant income in the general fund but should have been reported as other financing sources. No adjustment was deemed necessary as the result in net position was the same. During the fiscal year ended June 30, 2023, they received an additional \$38,898 which was transferred and recorded as other financing source in the water fund. As of June 30, 2023, none of the funds had been expended. There are restrictions on the uses available and timing requirements for these funds which appear to be subject to CFDA 21.027.

NOTE 13—PENDING LITIGATION

At June 30, 2023, there were no outstanding suits noted as seeking damages against the Village of McNary, however, there is a threatened “demand” by MPERS. According to the Village’s representation, no suit, dollar amount, nor possible years delinquent have been disclosed as allegedly being owed by the Village. As such, the Village’s representation stated they could not comment on an amount involved or the likely outcome should an actual suit be brought against the Village. The Village believes they are not delinquent and that they began participation once required.

NOTE 14—SUBSEQUENT EVENTS

Management has evaluated events through November 6, 2023, the date on which the financial statements were available for issue. There were no items to be reported as subsequent events other than no additional information was available regarding the threatened “demand” by MPERS.

REQUIRED
SUPPLEMENTARY INFORMATION

VILLAGE OF MCNARY
BUDGETARY COMPARISON SCHEDULE—GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable/ <u>(Unfavorable)</u>
Revenues:				
Taxes:				
Franchise	\$ 7,000	\$ 7,000	\$ 6,792	\$ (208)
Sales	57,000	58,000	57,785	(215)
Licenses & Permits	4,500	4,666	4,574	(92)
Fines, Fees, Commissions, & Charges for Services:				
Fines	205,000	217,595	208,051	(9,544)
Sanitation Fees	9,645	10,000	9,994	(6)
Intergovernmental:				
Supplemental Pay	6,000	15,250	15,250	-
Miscellaneous:				
Interest	100	115	113	(2)
Other	<u>2,000</u>	<u>1,950</u>	<u>1,929</u>	<u>(21)</u>
Total Revenues	291,245	314,576	304,488	(10,088)
Expenditures:				
Current:				
General & Administrative	56,614	58,302	61,675	(3,373)
Public Safety:				
Police	146,283	195,112	220,872	(25,760)
Fire Protection	4,200	4,200	4,200	-
Public Works:				
Sanitation	10,000	10,000	11,770	(1,770)
Streets	4,000	5,000	8,840	(3,840)
Culture & Recreation	1,000	500	375	125
Capital Outlay	<u>5,500</u>	<u>5,600</u>	<u>6,572</u>	<u>(972)</u>
Total Expenditures	227,597	278,714	314,304	(35,590)
Excess of Revenues over Expenditures	63,648	35,862	(9,816)	(45,678)
Other Financing Sources/(Uses):				
Transfers In/Out	<u>-</u>	<u>-</u>	<u>39,963</u>	<u>39,963</u>
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>39,963</u>	<u>39,963</u>

(Continued)

VILLAGE OF MCNARY
BUDGETARY COMPARISON SCHEDULE—GENERAL FUND (continued)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable/ <u>(Unfavorable)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	63,648	35,862	30,147	(5,715)
Fund Balance—Beginning of Year	<u>269,650</u>	<u>269,650</u>	<u>269,650</u>	<u>-</u>
Fund Balance—End of Year	<u>\$ 333,298</u>	<u>\$ 305,512</u>	<u>\$ 299,797</u>	<u>\$ (5,715)</u>

See independent accountant's review report.

(Concluded)

VILLAGE OF MCNARY
BUDGETARY COMPARISON SCHEDULE—PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance
	Original	Final		Favorable/ (Unfavorable)
Revenues:				
Charges for Services	\$ 76,000	\$ 117,193	\$ 87,604	\$ (29,589)
Total Revenues	76,000	117,193	87,604	(29,589)
Operating Expenses:				
Current:				
Salaries & Related Expenses	34,500	35,165	34,706	459
Office Supplies	3,078	3,000	2,605	395
Professional Fees	6,000	6,100	3,463	2,637
Repairs & Maintenance	15,000	18,000	18,719	(719)
Utilities	8,000	9,000	8,593	407
Depreciation	32,500	32,500	32,488	12
Water Chlorination	2,500	2,500	2,582	(82)
Insurance	8,000	8,500	8,405	95
Total Operating Expenses	109,578	114,765	111,561	3,204
Net Operating Income/(Loss)	(33,578)	2,428	(23,957)	(26,385)
Non-Operating Revenues (Expenses):				
Investment Interest	155	200	175	(25)
Intergovernmental Grant	-	3,500	3,467	(33)
Investment Expenses	(7,000)	(7,000)	(6,582)	418
Total Non-Operating Revenues/ (Expenses)	(6,845)	(3,300)	(2,940)	360
Net Income/(Loss) before Transfers	(40,423)	(872)	(26,897)	(26,025)
Other Financing Sources/(Uses):				
ARPA Funds	-	38,900	38,898	(2)
Transfers In/Out	-	-	(39,963)	(39,963)
Total Other Financing Sources/(Uses)	-	38,900	(1,065)	(39,965)
Change in Net Position	(40,423)	38,028	(27,962)	(65,990)
Net Position—Beginning of Year	429,853	429,853	429,853	-
Net Position—End of Year	<u>\$ 389,430</u>	<u>\$ 467,881</u>	<u>\$ 401,891</u>	<u>\$ (65,990)</u>

See independent accountant's review report.

OTHER
SUPPLEMENTARY INFORMATION

VILLAGE OF MCNARY
SCHEDULE OF COMPENSATION AND BENEFITS—AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023

In accordance with Act 706 of the 2014 Legislative Session as amended by Act 462 of 2015, payments to Agency Head or Chief Executive Officer must be disclosed. Included in the Disclosure Requirements are any reimbursements of travel or per diem, payments of salary, or payments to retirement or health insurance, providing of a vehicle, etc. for the Agency Head.

The Agency Head of the Village of McNary would be its Mayor, Donald Parker, II and Board of Aldermen, Bill Billings, Barbara Billings, and Lee Book. During the review of the financial statements for the Village's fiscal year ended June 30, 2023 the following payments were compiled as required disclosures in addition to the compensation listed in Note 11.

Payee:	Donald Parker, II	Bill Billings	Barbara Billings	Lee Book	Danita Davis
Phone	\$ 1,317	\$ -	\$ -	\$ -	\$ -
Conference Registration	\$ 300	\$ -	\$ -	\$ -	\$ -
Conference Lodging	\$ 282	\$ -	\$ -	\$ -	\$ -
Conference Meals	\$ 72	\$ -	\$ -	\$ -	\$ -
Conference Travel	\$ 66	\$ -	\$ -	\$ -	\$ -

See independent accountant's review report.

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information		
Entity Name	Village of McNary	
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2408	
Date that reporting period ended (mm/dd/yyyy)	6/30/2023	
	First Six Month Period Ended 12/31/21	Second Six Month Period Ended 6/30/22
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	2,759	2,352
Add: Collections		
Criminal Court Costs/Fees	13,392	13,767
Criminal Fines - Contempt	-	-
Criminal Fines - Other	88,668	91,524
Service/Collection Fees (e.g. credit card fees , report fees, 3rd party service fees)	7,981	7,886
Subtotal Collections	110,041	113,177
Less: Disbursements To Governments & Nonprofits:		
<i>CrimeStoppers, Criminal Court Costs/Fees</i>	590	582
<i>CMIS, Criminal Court Costs/Fees</i>	367	474
<i>North Louisiana Criminalistics Lab, Criminal Court Costs/Fees</i>	10,510	9,670
<i>LA Supreme Court, Criminal Court Costs/Fees</i>	184	199
<i>LA Commission on Law Enforcement, Criminal Court Costs/Fees</i>	719	762
<i>DHH-TH/SCITF, Criminal Court Costs/Fees</i>	1,415	1,330
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	14	15
Self-Disbursed-Criminal Fines-Other	88,668	91,524
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Payments to 3rd Party Collection/Processing Agencies (credit card fees)	7,981	7,886
Subtotal Disbursements/Retainage	110,448	112,442
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	2,352	3,087
Ending Balance of "Partial Payments" Collected but not Disbursed	-	-
Other Information:	12/31/22	06/30/23
Ending Balance of Total Amounts Assessed but not yet Collected (<i>i.e. receivable balance</i>)	369,255	415,875
Total Waivers During the Fiscal Period (<i>i.e. non-cash reduction of receivable balances, such as time served or community service</i>)	-	-

See independent accountant's review report.

Shanna Jones, CPA

795 Big Creek Rd
Winnfield, LA 71483
792-8544

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Donald Parker II, Mayor
and Board of Aldermen
Village of McNary
Glenmora, Louisiana

I have performed the procedures enumerated below on the Village of McNary's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2023, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Village of McNary's management is responsible for its financial records and compliance with applicable laws and regulations.

The Village of McNary has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the Village's compliance with the laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2023. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows.

PUBLIC BID LAW

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1755 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), or the regulations of the Division of Administration and the State Purchasing Office, whichever is applicable; and report whether the expenditures were made in accordance with these laws.

No expenditures found to be in violation.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided me with the requested information.

(Continued)

3. Obtain a list of all employees paid during the fiscal year.
Management provided me with the required information.
4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.
None of the employees on the list provided by management for agreed-upon procedure (3) matched any name provided by management for agreed-upon procedure (2).
5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.
Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

BUDGETING

6. Obtained a copy of the legally adopted budget and all amendments.
Management provided me with a copy of the original and amended budget.
7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.
I traced the adoption of the budgets to the minutes of the meetings.
8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.
I compared total revenues and expenditures for the year to total budgeted revenues and expenditures. According to LA RS 39:1303 only governmental funds, general fund or a special revenue fund, are subject to the Budget Act. The Village's general fund expenditure unfavorable variances exceeded five percent (5%). See finding 23-02.

ACCOUNTING AND REPORTING

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:
 - (a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.
Each of the six selected disbursements agreed with the amount and payee in the supporting documentation.
 - (b) Report whether the six disbursements were coded to the correct fund and general ledger account.
Each disbursement appeared properly coded to the correct fund and general ledger account, except one disbursement was coded to office supplies for general fund which appeared to be utilities and was reclassified.

(Continued)

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

Inspection of documentation supporting indicated approvals.

MEETINGS

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions.

Management represented that they are only required to post a notice of each meeting. Management has asserted that such documents were properly posted.

DEBT

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

I inspected copies of bank deposits for the period under review and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

ADVANCES AND BONUSES

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

I scanned payroll disbursements and read the meeting minutes for the fiscal year. There were no payments noted that appeared to be either advances or bonuses.

STATE AUDIT LAW

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The Village's prior year report dated December 2, 2022 was submitted timely.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2), and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Management represented that the Village was not on the noncompliance list during the fiscal year ended June 30, 2023.

PRIOR COMMENTS AND RECOMMENDATIONS

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

The prior year report, dated December 2, 2022, did not include suggestions, exceptions, recommendations, and/or comments, with the exception of the violation of the Budget Act.

(Continued)

For the current fiscal year the Village appears not to be in compliance with the Budget Act, with GASB 68, *Pensions*, and possible violations of LA Const. Art. VII, Section 14 (A) by having a Christmas/retirement meal and the purchase flowers.

I was engaged by the Village of McNary to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. I was not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's compliance with the foregoing matters. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the Village of McNary and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to the agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the Village's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Shanna Jones, CPA
Winnfield, Louisiana
November 6, 2023

(Concluded)

VILLAGE OF MCNARY

LOUISIANA ATTESTATION QUESTIONNAIRE

Shanna Jones, CPA
795 Big Creek Rd
Winnfield, LA 71483

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of June 30, 2023 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the state procurement code (R.S. 39:1551 – 39:1755); the public bid law (R.S. 38:2211-2296); and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No [] N/A []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No [] N/A []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No [] N/A []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No [] N/A []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No [] N/A []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No [] N/A []

(Continued)

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No [] N/A []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No [] N/A []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No [] N/A []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No [] N/A []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No [] N/A []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No [] N/A []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No [] N/A []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No [] N/A []

General

We acknowledge that we are responsible for the Village's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No [] N/A []

(Continued)

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No [] N/A []

We have provided you with all relevant information and access under the terms of our agreement.

Yes No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No [] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes No [] N/A []


We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations or would require adjustment or modification to the results of the agreed-upon procedures.

Yes No [] N/A []

The previous responses have been made to the best of our belief and knowledge.


Donald Parker II, Mayor
Village of McNary

(Concluded)

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

VILLAGE OF MCNARY
FINDINGS & RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF REVIEW RESULTS

1. The Independent Accountant's Report expresses a qualified conclusion on the governmental activities and unmodified conclusions on the business-type activities, and each major fund: governmental and proprietary of the Village of Dodson as of and for the year ended June 30, 2023.
2. There were three significant deficiencies noted during the review of the financial statements one of which was deemed to be a material weakness.
3. The review disclosed three instances of noncompliance required to be reported under Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and Governmental Accounting Standards Board.

B. FINDINGS IN ACCORDANCE WITH *GOVERNMENTAL ACCOUNTING STANDARDS*
FINANCIAL STATEMENT FINDINGS

INSTANCES OF NONCOMPLIANCE

Material Weakness

23-01 Departure from GAAP, GASB 68 Pension Reporting

Criteria—GASB 68 requires the Government Wide Financial Statements to include Net Pension Liability (NPL), Deferred In/Outflows related to actuarial calculation performed on census data and contributions to pension plans. Louisiana Revised Statute 11:2211 requires governmental entities employing full time employees earning at least \$375 per month or an elected police chief who is paid more than \$1,000 per month to participate in the applicable state retirement fund.

Condition—The Village had police officers considered part time by them, one of which went full time and the Village began contributing to Municipal Police Employee Retirement System (MPERS). However, the payments were not included in the audited financial statements of MPERS.

Effect—Although the Village began making required contributions early in the fiscal year end (for the prior year months they believe the officer was required to participate upon becoming full time and going forward) the Village was not included in the audited financial reports of the MPERS. This caused them not to have the actuarial calculations performed to know their portion of the Retirement System's NPL required to be included in their audited financials.

Cause—The cause of the condition is unknown.

Recommendation—None as the Village is making payments and is expected to be included in the next audited financials of MPERS.

Views of Responsible Officials— We began making payments when we believed our officer was required to participate although this is a financial hardship on our Village. We expect to be included in the upcoming MPERS audited financial statements and have the GASB 68 required actuarial calculations.

Significant Deficiencies

23-02 Louisiana Budget Act Compliance

Criteria—Louisiana Budget Act requires governmental entities to budget general funds and to amend the budget if there is an unfavorable variance of 5%.

Condition—The Village made and amended the required budget but failed to obtain a less than 5% unfavorable variance.

Effect—The Village appears to be in noncompliance with the related revised statute.

Cause—The cause of the condition is unknown.

Recommendation— Management needs to comply with budget laws. Timely resolutions along with monitoring both the budget and spending should assist in compliance. I recommend amending the budget when there is a 5% or more variance between budgeted and actual revenues or expenditures, even if previously amended.

Views of Responsible Officials— We will try to be within the variance limits when amending the budget. Our efforts will include monitoring our spending and its relation to the budget for additional amendments as necessary.

23-03 Louisiana Constitution Article VII, Section 14 Compliance

Criteria—Louisiana Constitution Article VII, Section 14 prohibits things of value from being donated to or for any person unless Cabela's test is met. There are AG Opinions on this subject such as Opinion No. 08-0328 not allowing social meals, No. 03-0387, 93-359, 90-519, and others that find it improper to pay for spouses' meals. Also, the Legislative Auditor's office believes it is improper to purchase flowers for a funeral.

Condition—The Village spent \$563.35 for a Christmas meal for the employees and \$50 for funeral flowers.

Effect—The Village appears to be in noncompliance.

Cause—The cause of the condition is unknown.

Recommendation— Management needs to comply with the interpretation of the LA Constitution.

Views of Responsible Officials— We were unaware and will try to be in compliance.

PRIOR YEAR FINDINGS

VILLAGE OF MCNARY
PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL STATEMENT FINDINGS

INSTANCES OF NONCOMPLIANCE

22-01 Louisiana Budget Act Compliance

Criteria—Louisiana Budget Act requires governmental entities to budget general funds and to amend the budget if there is an unfavorable variance of 5%.

Condition—The Village made and amended the required budget but failed to obtain a less than 5% unfavorable variance.

Effect—The Village appears to be in noncompliance with the related revised statute.

Cause—The cause of the condition is unknown.

Recommendation— Management needs to comply with budget laws. Timely resolutions along with monitoring both the budget and spending should assist in compliance. I recommend amending the budget when there is a 5% or more variance between budgeted and actual revenues or expenditures, even if previously amended.

Status— See Finding 23-02