

VILLAGE OF TURKEY CREEK, LOUISIANA

Financial Report

Year Ended June 30, 2017

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INDEPENDENT AUDITORS' REPORT

The Honorable Heather Cloud, 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, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2017, 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 budgetary comparison information, employer's share of net pension liability, and employer contributions, on pages 36–42, 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other supplementary information on pages 45-46 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2017, 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 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 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, Champagne, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
October 24, 2017

BASIC FINANCIAL STATEMENTS

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$ 91,234	\$ 254,147	\$ 345,381
Receivables	15,354	73,672	89,026
Prepaid expenses	-	27,263	27,263
Capital assets, net	<u>415,044</u>	<u>966,381</u>	<u>1,381,425</u>
Total assets	<u>521,632</u>	<u>1,321,463</u>	<u>1,843,095</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>44,289</u>	<u>33,147</u>	<u>77,436</u>
LIABILITIES			
Accounts payable	3,593	6,046	9,639
Accrued liabilities	57	13,162	13,219
Internal balances	4,681	(4,681)	-
Customer deposits	-	5,600	5,600
Net pension liability	<u>107,087</u>	<u>73,625</u>	<u>180,712</u>
Total liabilities	<u>115,418</u>	<u>93,752</u>	<u>209,170</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>13,017</u>	<u>2,652</u>	<u>15,669</u>
NET POSITION			
Net investment in capital assets	421,763	1,101,007	1,522,770
Restricted for sales tax dedication	49,035	-	49,035
Unrestricted (deficit)	<u>(33,312)</u>	<u>157,199</u>	<u>123,887</u>
Total net position	<u>\$437,486</u>	<u>\$1,258,206</u>	<u>\$1,695,692</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, 2017

Activities	Expenses	Program Revenues Fees, Fines, and Charges for Services	Net (Expense) Revenues and Changes in Net Position		
			Governmental Activities	Business-Type Activities	Total
Governmental activities:					
General government	\$ 70,784	\$ 14,318	\$ (56,466)	\$ -	\$ (56,466)
Public safety	122,517	77,909	(44,608)	-	(44,608)
Public works	67,251	-	(67,251)	-	(67,251)
Culture and recreation	67,413	-	(67,413)	-	(67,413)
Interest on long-term debt	218	-	(218)	-	(218)
Total governmental activities	328,183	92,227	(235,956)	-	(235,956)
Business-type activities:					
Water and sewer	564,619	582,819	-	18,200	18,200
Total	<u>\$ 892,802</u>	<u>\$ 675,046</u>	<u>(235,956)</u>	<u>18,200</u>	<u>(217,756)</u>
General revenues:					
Taxes -					
Property taxes, levied for general purposes			10,965	-	10,965
Sales taxes, levied for general purposes			63,867	-	63,867
Franchise taxes			16,647	-	16,647
Grants and contributions not restricted to specific programs -					
State sources			3,767	-	3,767
Non-employer pension contribution			1,336	1,336	2,672
Interest and investment earnings			-	422	422
Miscellaneous			23,458	23,654	47,112
Transfers			(5,696)	5,696	-
Total general revenues			<u>114,344</u>	<u>31,108</u>	<u>145,452</u>
Change in net position			(121,612)	49,308	(72,304)
Net position - July 1, 2016			<u>559,098</u>	<u>1,208,898</u>	<u>1,767,996</u>
Net position - June 30, 2017			<u>\$ 437,486</u>	<u>\$ 1,258,206</u>	<u>\$ 1,695,692</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 2% 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, 2017

	General Fund	1996 Sales Tax Fund	Total
ASSETS			
Cash and interest-bearing deposits	\$ 50,176	\$ 41,058	\$ 91,234
Receivables:			
Taxes	154	10,031	10,185
Other	<u>5,169</u>	<u>-</u>	<u>5,169</u>
Total assets	<u>\$ 55,499</u>	<u>\$ 51,089</u>	<u>\$ 106,588</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,539	\$ 2,054	\$ 3,593
Accrued liabilities	57	-	57
Due to other funds	<u>4,681</u>	<u>-</u>	<u>4,681</u>
Total liabilities	<u>6,277</u>	<u>2,054</u>	<u>8,331</u>
Fund balances:			
Restricted -			
Sales tax dedication	-	49,035	49,035
Unassigned	<u>49,222</u>	<u>-</u>	<u>49,222</u>
Total fund balances	<u>49,222</u>	<u>49,035</u>	<u>98,257</u>
Total liabilities and fund balances	<u>\$ 55,499</u>	<u>\$ 51,089</u>	<u>\$ 106,588</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, 2017

Total fund balances for governmental funds at June 30, 2017		\$ 98,257
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 governmental funds. Those assets consist of:		
Buildings and improvements, net of \$309,330 accumulated depreciation	\$274,475	
Equipment, net of \$75,472 accumulated depreciation	25,665	
Vehicles, net of \$61,912 accumulated depreciation	17,924	
Infrastructure, net of \$206,896 accumulated depreciation	<u>96,980</u>	415,044
The deferred outflows of expenditures for the Municipal Employees Retirement System are not a use of current resources, and therefore, are not reported in the fund financial statements.		44,289
Net pension liability		(107,087)
The deferred inflows of contributions for the Municipal Employees Retirement System are not available resources, and therefore, are not reported in the fund financial statements.		<u>(13,017)</u>
Net position at June 30, 2017		<u>\$ 437,486</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, 2017

	General Fund	1996 Sales Tax Fund	Total
Revenues:			
Taxes	\$ 27,612	\$ 63,867	\$ 91,479
Licenses and permits	14,318	-	14,318
Intergovernmental	8,934	-	8,934
Fines and forfeits	72,742	-	72,742
Miscellaneous	23,458	-	23,458
Total revenues	<u>147,064</u>	<u>63,867</u>	<u>210,931</u>
Expenditures:			
Current -			
General government	75,646	-	75,646
Public safety	113,417	-	113,417
Public works	-	48,246	48,246
Culture and recreation	27,419	-	27,419
Debt service -			
Principal retirement	20,000	-	20,000
Interest and fiscal charges	695	-	695
Total expenditures	<u>237,177</u>	<u>48,246</u>	<u>285,423</u>
Excess (deficiency) of revenues over expenditures	<u>(90,113)</u>	<u>15,621</u>	<u>(74,492)</u>
Other financing sources (uses):			
Transfers in	74,991	-	74,991
Transfers out	<u>(80,000)</u>	<u>(687)</u>	<u>(80,687)</u>
Total other financing sources (uses)	<u>(5,009)</u>	<u>(687)</u>	<u>(5,696)</u>
Net changes in fund balances	(95,122)	14,934	(80,188)
Fund balances, beginning	<u>144,344</u>	<u>34,101</u>	<u>178,445</u>
Fund balances, ending	<u>\$ 49,222</u>	<u>\$ 49,035</u>	<u>\$ 98,257</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, 2017

Total net change in fund balances for year ended June 30, 2017 per the statement of revenues, expenditures and changes in fund balances	\$ (80,188)
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense	
Depreciation expense	(69,849)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	
Bond principal retirement	20,000
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds	
Decrease in accrued interest	477
Pension benefit (expense) not requiring the use of current economic resources and therefore, not recorded as a fund expenditure	
	6,612
Non-employer's contributions to the Municipal Employees Retirement System	
	<u>1,336</u>
Change in net position for year ended June 30, 2017 per statement of activities	<u>\$ (121,612)</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, 2017

ASSETS

Current assets:	
Cash and cash equivalents	\$ 254,147
Accounts receivable, net	59,066
Unbilled service receivable	14,606
Due from other funds	4,681
Prepaid expenses	<u>27,263</u>
Total current assets	<u>359,763</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>966,381</u>
Total assets	<u>1,326,144</u>
Deferred outflows of resources related to pensions	<u>33,147</u>

LIABILITIES

Current liabilities:	
Accounts payable	6,046
Accrued liabilities	<u>13,162</u>
Total current liabilities	<u>19,208</u>
Noncurrent liabilities:	
Customers' deposits	5,600
Net pension liability	<u>73,625</u>
Total noncurrent liabilities	<u>79,225</u>
Total liabilities	<u>98,433</u>
Deferred inflows of resources related to pensions	<u>2,652</u>

NET POSITION

Net investment in capital assets	1,101,007
Unrestricted	<u>157,199</u>
Total net position	<u>\$1,258,206</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, 2017

Operating revenues:	
Charges for services	\$ 544,511
Connection fees	5,400
Penalties	16,428
Installations	9,330
Memberships	7,150
Miscellaneous	<u>23,654</u>
Total operating revenues	<u>606,473</u>
Operating expenses:	
Bank charges	405
Depreciation	75,402
Dues	1,454
Fees and permits	1,440
Fuel and oil	8,831
Insurance	24,015
Miscellaneous	360
Office expense	18,869
Repairs and maintenance	108,602
Salaries and related benefits	261,432
Supplies	25,907
Telephone	3,743
Travel	399
Uniforms	926
Utilities	<u>32,834</u>
Total operating expenses	<u>564,619</u>
Operating income	<u>41,854</u>
Nonoperating revenues:	
Interest income	422
Nonemployer pension contribution	<u>1,336</u>
Total nonoperating revenues	<u>1,758</u>
Income before transfers	43,612
Transfers in (out):	
Transfers in	80,000
Transfers out	<u>(74,304)</u>
Total other financing sources (uses)	<u>5,696</u>
Change in net position	49,308
Net position, beginning	<u>1,208,898</u>
Net position, ending	<u>\$ 1,258,206</u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Statement of Cash Flows
 Proprietary Fund - Enterprise Fund
 For the Year Ended June 30, 2017

Cash flows from operating activities:	
Receipts from customers	\$ 534,901
Payments to suppliers	(235,315)
Payments to employees	(261,432)
Other receipts	<u>61,962</u>
Net cash provided by operating activities	<u>100,116</u>
Cash flows from noncapital financing activities:	
Non-employer pension contribution	1,336
Transfers from other funds	80,000
Transfers to other funds	<u>(74,304)</u>
Net cash provided by noncapital financing activities	<u>7,032</u>
Cash flows from capital and related financing activities:	
Net change in meter deposits	600
Cash flows from investing activities:	
Interest on investments	<u>422</u>
Net increase in cash and cash equivalents	108,170
Cash and cash equivalents, beginning	<u>145,977</u>
Cash and cash equivalents, ending	<u>\$ 254,147</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 41,854
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	75,402
Increase in accounts receivable	(9,610)
Increase in provision for uncollectible accounts	7,516
Decrease in unbilled utility receivables	1,405
Increase in prepaid expenses	(13,191)
Increase in deferred outflows of resources	(15,734)
Decrease in accounts payable	(2,639)
Increase in accrued liabilities	7,327
Increase in net pension liability	21,337
Decrease in deferred inflows of resources	<u>(13,551)</u>
Net cash provided by operating activities	<u>\$ 100,116</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 statement of net position and statement of activities display information about the Village, the primary government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a 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

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

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

The major funds of the Village are described below:

Governmental Funds -

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.

The 1996 Sales Tax Special Revenue 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.

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 of Turkey Creek's enterprise fund is the Utility Fund.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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 general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Use of Restricted Resources

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows 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 or short-term investments with an original maturity of three months or less when purchased.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

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's 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, 2017, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for uncollectibles for customers' utility receivables was \$64,059 at June 30, 2017. 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." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, 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 estimated fair market 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:

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Although sick leave accumulates and is available for employees when needed, it does not vest, nor is it payable at termination of employment. Vacation must be taken in the year accrued and cannot be carried over. The amount of compensated absences payable at June 30, 2017 is immaterial, and therefore, not included in the financial statements.

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. The long-term debt consists of certificates of indebtedness payable.

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At June 30, 2017, the Village's deferred inflows and outflows of resources are attributable to its pension plan.

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 (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – consist 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:

- c. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- d. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- e. Committed – 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.
- f. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Village’s adopted policy, only the Board of Aldermen may assign amounts for specified purposes.
- g. Unassigned – all other spendable amounts.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Enterprise (Utility) Fund equity at the fund level is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds 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.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:
Proprietary Fund - By Operating and Nonoperating

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.

F. Use of Estimates

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

(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, 2017, the Village has cash and interest-bearing deposits (book balances) totaling \$345,381 as follows:

Demand deposits	\$ 177,652
Savings deposits	<u>167,729</u>
Total	<u>\$ 345,381</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 will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or 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, 2017 in the amount of \$379,646 were secured in total by federal deposit insurance. The Village does not have a policy for custodial credit risk.

(3) Receivables

Receivables at June 30, 2017 of \$89,026 consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 59,066	\$ 59,066
Unbilled utility	-	-	14,606	14,606
Ad valorem tax	154	-	-	154
Franchise tax	5,169	-	-	5,169
Sales tax	-	<u>10,031</u>	-	<u>10,031</u>
Total	<u>\$ 5,323</u>	<u>\$ 10,031</u>	<u>\$ 73,672</u>	<u>\$ 89,026</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
Governmental activities:				
Buildings and improvements	\$ 583,805	\$ -	\$ -	\$ 583,805
Equipment	101,137	-	-	101,137
Vehicles	79,836	-	-	79,836
Infrastructure	303,876	-	-	303,876
Totals	<u>1,068,654</u>	<u>-</u>	<u>-</u>	<u>1,068,654</u>
Less accumulated depreciation				
Buildings and improvements	278,736	30,594	-	309,330
Equipment	63,987	11,485	-	75,472
Vehicles	52,812	9,100	-	61,912
Infrastructure	188,226	18,670	-	206,896
Total accumulated depreciation	<u>583,761</u>	<u>69,849</u>	<u>-</u>	<u>653,610</u>
Governmental activities, capital assets, net	<u>\$ 484,893</u>	<u>\$ (69,849)</u>	<u>\$ -</u>	<u>\$ 415,044</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 14,400	\$ -	\$ -	\$ 14,400
Other capital assets:				
Building and improvements	30,274	-	-	30,274
Water system	1,387,058	-	-	1,387,058
Sewer system	976,535	-	-	976,535
Office equipment	9,596	-	-	9,596
Machinery and equipment	179,878	-	-	179,878
Vehicles	83,124	-	-	83,124
Totals	<u>2,680,865</u>	<u>-</u>	<u>-</u>	<u>2,680,865</u>
Less accumulated depreciation				
Building and improvements	25,656	589	-	26,245
Water system	933,337	34,353	-	967,690
Sewer system	458,307	24,950	-	483,257
Office equipment	9,365	229	-	9,594
Machinery and equipment	129,292	15,281	-	144,573
Vehicles	83,125	-	-	83,125
Total accumulated depreciation	<u>1,639,082</u>	<u>75,402</u>	<u>-</u>	<u>1,714,484</u>
Business-type activities, capital assets, net	<u>\$ 1,041,783</u>	<u>\$ (75,402)</u>	<u>\$ -</u>	<u>\$ 966,381</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 1,750
Public safety	9,100
Public works	19,005
Culture and recreation	<u>39,994</u>
Total depreciation expense	<u>\$69,849</u>

(5) Changes in Long-Term Liabilities

The following is a summary of the long-term liability transactions of the Village for the year ended June 30, 2017:

	<u>Balance</u> <u>7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2017</u>
Certificate of indebtedness	<u>\$20,000</u>	<u>\$ -</u>	<u>\$20,000</u>	<u>\$ -</u>

(6) Ad Valorem Taxes

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

For the year ended June 30, 2017, taxes of 6.2 mills were levied on property with assessed valuations totaling \$1728,900. Total taxes levied were \$10,719.

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

Proceeds of a 2 percent sales and use tax (accounted for in the 1996 Sales Tax Fund - a special revenue fund) levied by the Village of Turkey Creek (2017 collections \$63,867) 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.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Pension Plan

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Louisiana, and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

Employees of the Village are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:1731 to provide retirement, disability and survivor benefits to employees of all incorporated villages, towns and cities throughout the State of Louisiana. MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Village are members of Plan A. The system issues a publicly available financial report that may be accessed at www.mersla.com/annual-reports.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

- a. Any age with twenty-five (25) or more years of creditable service.
- b. Age 60 with a minimum of ten (10) years of creditable service.
- c. Any age with five (5) years of creditable service eligible for disability benefits.
- d. Survivor's benefits require five (5) years creditable service at death of member.
- e. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

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

- a. Age 67 with seven (7) or more years of creditable service.
- b. Age 62 with ten (10) or more years of creditable service.
- c. Age 55 with thirty (30) or more years of creditable service.
- d. Any age with twenty five (25) years of creditable service, with an actuarially reduced early benefit.
- e. Survivor's benefits require (5) years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

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

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

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

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the actual employer contribution rate was 22.75% and the member's required contribution rate was 9.50% for Plan A. In accordance with state statute, the System receives advalorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Contributions from non-employer contributing entities were \$2,672. Contributions to the pension plan from the Village were \$18,139 for the year ended June 30, 2017.

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

As of June 30, 2017, the Village reported a liability of \$180,712 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2016, the Village's proportion was .044090%, which was an increase of .005447% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village's recognized pension expense of \$4,915.

At June 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ 5,712
Change of assumptions	6,578	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	11,450	9,957
Net differences between projected and actual earnings on plan investments	41,269	-
Contributions subsequent to the measurement date	<u>18,139</u>	<u>-</u>
Total	<u>\$ 77,436</u>	<u>\$ 15,669</u>

Deferred outflows of resources of \$18,139 related to MERS resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERS will be recognized in pension expense as follows:

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Year Ended	
<u>June 30:</u>	
2018	\$ 9,758
2019	14,096
2020	13,372
2021	<u>6,402</u>
	<u>\$ 43,628</u>

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of MERS's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability of MERS as of June 30, 2016 are as follows:

Valuation date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	7.50%
Projected salary increases	5.0% (2.875% Inflation)
Mortality rates	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and 1 year for females projected to 2028 using scale AA.
Expected remaining service lives	3 years for Plan A

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study, for the period July 1, 2009 through June 30, 2014.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation of June 30, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Public equity	50.00%	2.60%
Public fixed income	35.00%	1.80%
Alternatives	<u>15.00%</u>	<u>0.80%</u>
Totals	<u>100.00%</u>	5.20%
Inflation		<u>2.50%</u>
Expected arithmetic nominal return		<u>7.60%</u>

Discount rate

The discount rate used to measure the total pension liability was 7.50% for the year ended June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the PRSAC. Based on those assumptions, MERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the employer's proportionate share of the net pension liability using the discount rate of 7.5%, as well as what the employers' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2016:

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.75%</u>	<u>7.75%</u>	<u>8.75%</u>
Net Pension Liability	<u>\$ 229,719</u>	<u>\$ 180,712</u>	<u>\$ 138,894</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS 2016 annual financial report at www.mersla.com/annual-reports.

Payables to the System

The Village's payable to the Fund at June 30, 2017 was \$2,251 and is the legally required contribution owed for the month of June 2017.

(9) Compensation of Village Officials

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2017 follows:

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

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

A detail of compensation, benefits, and other payments to Mayor, Heather Cloud, for the year ended June 30, 2017 follows:

<u>Purpose</u>	
Salary	\$ 9,600
Payroll taxes	734
Cell phone	600
Travel	<u>54</u>
Total	<u>\$ 10,988</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Interfund Transfers

Transfers consisted of the following at June 30, 2017.

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 74,991	\$ 80,000
1996 Sales Tax Special Revenue Fund	<u>-</u>	<u>687</u>
Total governmental funds	74,991	80,687
Proprietary fund:		
Enterprise Fund	<u>80,000</u>	<u>74,304</u>
Total	<u>\$ 154,991</u>	<u>\$ 154,991</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.

(12) Risk Management

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

(13) Pending Litigation

There is no litigation pending against the Village of Turkey Creek at June 30, 2017.

**REQUIRED
SUPPLEMENTARY INFORMATION**

VILLAGE OF TURKEY CREEK, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 27,500	\$ 28,000	\$ 27,612	\$ (388)
Licenses and permits	12,500	12,500	14,318	1,818
Intergovernmental	4,000	9,100	8,934	(166)
Fines and forfeits	150,000	68,000	72,742	4,742
Miscellaneous	<u>25,000</u>	<u>22,100</u>	<u>23,458</u>	<u>1,358</u>
Total revenues	<u>219,000</u>	<u>139,700</u>	<u>147,064</u>	<u>7,364</u>
Expenditures:				
Current -				
General government	99,550	85,050	75,646	9,404
Public safety	104,550	87,750	113,417	(25,667)
Culture and recreation	36,775	35,650	27,419	8,231
Debt service:				
Principal	20,250	20,000	20,000	-
Interest	<u>2,250</u>	<u>695</u>	<u>695</u>	<u>-</u>
Total expenditures	<u>263,375</u>	<u>229,145</u>	<u>237,177</u>	<u>(8,032)</u>
Deficiency of revenues over expenditures	<u>(44,375)</u>	<u>(89,445)</u>	<u>(90,113)</u>	<u>(668)</u>
Other financing sources (uses):				
Transfers in	70,000	75,500	74,991	(509)
Transfers out	<u>-</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>70,000</u>	<u>(4,500)</u>	<u>(5,009)</u>	<u>(509)</u>
Change in fund balance	25,625	(93,945)	(95,122)	(1,177)
Fund balance, beginning	<u>144,344</u>	<u>144,344</u>	<u>144,344</u>	<u>-</u>
Fund balance, ending	<u>\$169,969</u>	<u>\$ 50,399</u>	<u>\$ 49,222</u>	<u>\$ (1,177)</u>

VILLAGE OF TURKEY CREEK, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem	\$ 11,000	\$ 11,000	\$ 10,965	\$ (35)
Franchise fees	16,500	17,000	16,647	(353)
Total taxes	<u>27,500</u>	<u>28,000</u>	<u>27,612</u>	<u>(388)</u>
Occupational licenses	<u>12,500</u>	<u>12,500</u>	<u>14,318</u>	<u>1,818</u>
Intergovernmental:				
State of Louisiana -				
Beer taxes	1,000	1,000	767	(233)
Highway maintenance	3,000	3,000	3,000	-
State supplemental pay	-	5,100	5,167	67
Total intergovernmental	<u>4,000</u>	<u>9,100</u>	<u>8,934</u>	<u>(166)</u>
Fines and forfeits	<u>150,000</u>	<u>68,000</u>	<u>72,742</u>	<u>4,742</u>
Miscellaneous:				
Rent income	6,000	6,000	8,295	2,295
Other sources	19,000	16,100	15,163	(937)
Total miscellaneous	<u>25,000</u>	<u>22,100</u>	<u>23,458</u>	<u>1,358</u>
Total revenues	<u>\$ 219,000</u>	<u>\$ 139,700</u>	<u>\$ 147,064</u>	<u>\$ 7,364</u>

VILLAGE OF TURKEY CREEK, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Current:				
General government -				
Advertising	\$ 3,000	\$ 3,000	\$ 3,427	\$ (427)
Bank charges	50	100	40	60
Fees and permits	1,000	500	290	210
Insurance	10,000	8,000	800	7,200
Office expenditures	1,500	1,100	1,328	(228)
Professional fees	27,000	27,000	26,112	888
Repairs and maintenance	10,000	6,000	4,858	1,142
Salaries and related benefits	31,500	31,800	31,609	191
Supplies	2,500	2,400	1,946	454
Telephone	4,500	3,250	3,583	(333)
Travel	500	400	376	24
Utilities	8,000	1,500	1,277	223
Total general government	<u>99,550</u>	<u>85,050</u>	<u>75,646</u>	<u>9,404</u>
Public safety - Police				
Fuel and supplies	6,000	4,000	4,030	(30)
Insurance	6,000	6,000	33,182	(27,182)
Miscellaneous	40,050	18,550	20,699	(2,149)
Repairs and maintenance	20,000	12,000	9,271	2,729
Salaries and related benefits	31,000	44,300	43,350	950
Telephone	1,500	2,900	2,885	15
Total public safety - police	<u>104,550</u>	<u>87,750</u>	<u>113,417</u>	<u>(25,667)</u>

(continued)

VILLAGE OF TURKEY CREEK, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Current:				
Parks and recreation -				
Insurance	7,500	7,500	-	7,500
Miscellaneous	1,450	2,050	1,804	246
Materials and supplies	26,000	26,000	25,465	535
Salary	1,000	-	-	-
Utilities	825	100	150	(50)
Total parks and recreation	<u>36,775</u>	<u>35,650</u>	<u>27,419</u>	<u>8,231</u>
Debt service:				
Principal	20,250	20,000	20,000	-
Interest	2,250	695	695	-
Total debt service	<u>22,500</u>	<u>20,695</u>	<u>20,695</u>	<u>-</u>
Total expenditures	<u>\$263,375</u>	<u>\$229,145</u>	<u>\$237,177</u>	<u>\$(8,032)</u>

VILLAGE OF TURKEY CREEK, LOUISIANA
1996 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Sales taxes	\$60,000	\$64,500	\$63,867	\$ (633)
Expenditures:				
Current:				
Public works	<u>47,000</u>	<u>56,000</u>	<u>48,246</u>	<u>7,754</u>
Excess of revenues over expenditures	13,000	8,500	15,621	7,121
Other financing uses:				
Transfers out	<u>(15,000)</u>	<u>(1,000)</u>	<u>(687)</u>	<u>313</u>
Change in fund balance	(2,000)	7,500	14,934	7,434
Fund balance, beginning	<u>34,101</u>	<u>34,101</u>	<u>34,101</u>	<u>-</u>
Fund balance, ending	<u>\$32,101</u>	<u>\$41,601</u>	<u>\$49,035</u>	<u>\$7,434</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Schedule of Employers' Share of Net Pension Liability
For the Year Ended June 30, 2017*

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.048667%	\$ 124,901	\$ 73,566	169.8%	74.00%
2016	0.038643%	\$ 138,039	\$ 76,880	179.6%	66.18%
2017	0.044090%	\$ 180,712	\$ 78,760	229.4%	62.11%

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

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2017

<u>Year ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$ 15,184	\$ 15,184	\$ -	\$ 76,880	19.75%
2016	\$ 15,555	\$ 15,555	\$ -	\$ 78,760	19.75%
2017	\$ 18,139	\$ 18,139	\$ -	\$ 79,731	22.75%

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

(1) Budget and Budgetary Accounting

A budget for the General Fund for the year ended June 30, 2017 was adopted in accordance with LSA-R.S. 39:1301, cited as the "Louisiana Local Government Budget Act." Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Village.

(2) Excess of Expenditures Over Appropriations

The General Fund incurred expenditures in excess of appropriations totaling \$8,032 for the year ended June 30, 2017.

(3) Pension Plan

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

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF TURKEY CREEK, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2017

Records maintained by the Village indicated the following number of customers were being serviced during the month of June, 2017:

<u>Department</u>	
Water (metered)	1,732
Sewer	131

VILLAGE OF TURKEY CREEK, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2017

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

INTERNAL CONTROL AND COMPLIANCE

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

The Honorable Heather Cloud, Mayor
and Members of the Board of Aldermen
Village of Turkey Creek, Louisiana

We have audited, 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, 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, 2017, 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 24, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 2017-001 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Turkey Creek's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and 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, Champagne, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
October 24, 2017

VILLAGE OF TURKEY CREEK, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
For the Year Ended June 30, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (06/30/2017) --</u>						
<u>Internal Control:</u>						
2017-001	2006	The Village of Turkey Creek does not have adequate segregation of functions within the accounting system.	No	Based upon the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Heather Cloud, Mayor	N/A

Compliance:

There were no compliance findings noted.

PRIOR YEAR (06/30/2016) --

Internal Control:

2016-001	2006	The Village of Turkey Creek does not have adequate segregation of functions within the accounting system.	No	Based upon the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Heather Cloud, Mayor	N/A
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Compliance:

There were no compliance findings noted.

**STATEWIDE
AGREED-UPON PROCEDURES**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Management of The Village of Turkey Creek
and the Louisiana Legislative Auditor,

We have performed the procedures enumerated below, which were agreed to by the Village of Turkey Creek and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Village of Turkey Creek's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

There were no written policies and procedures noted.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The written policies and procedures were not adequate for the functions noted above.

c) **Disbursements**, including processing, reviewing, and approving

The written policies and procedures were not adequate for the functions noted above.

d) **Receipts**, including receiving, recording, and preparing deposits

The written policies and procedures were not adequate for the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

There were no written policies and procedures noted.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

There were no written policies and procedures noted.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

There were no written policies and procedures noted.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

There were no written policies and procedures noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

There were no written policies and procedures noted.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

There were no written policies and procedures noted.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not reference monthly budget-to-actual comparisons for the major funds.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not reference monthly budget-to-actual comparisons for the major funds.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.)

Obtained and reviewed the minutes of the managing board for the fiscal period noting that there were approvals of contracts/disbursements for at least one meeting during the year.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts from management and management's representation that listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliations prepared for all accounts examined did not have evidence of management review.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Obtained bank statements and reconciliations for all months in the fiscal period noting management has no documentation reflecting reconciling items that have been outstanding more than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of cash collection locations and management's representation that listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The person responsible for collecting cash is bonded and is not responsible for depositing cash in the bank, recording the transaction, reconciling the bank account and does not share a drawer with another person. The written documentation was not adequate.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

There is no formal process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collection documentation was obtained and does not address the functions noted above.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Collection documentation was obtained and does not address the functions noted above.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

There is no written documentation specifically defined to determine the completeness of all collections by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Purchases use a purchase order system that separates initiation from approval functions.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Examined supporting documentation for each of the 25 disbursements selected and found that (1) purchase order was approved by a person who did initiate the purchase and (4) purchase orders were not signed by the appropriate person.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Five payments were processed without proper purchase order approval. Invoices were available but were not officially approved.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

No written policies were available. The person responsible for processing payments is able to add vendors to the entity's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The person with signatory authority is responsible for initiating purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The supply of unused checks is stored in a locked location and persons with signatory authority have access to those checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No signature stamp or machine is utilized.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Listing was obtained and randomly selected one of the two cards.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

There was no evidence or indication that monthly statements or supporting documentation were reviewed or approved.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges or late fees were noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Monthly statements were obtained and address the functions noted above.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Monthly statements were obtained and do not address the functions noted above.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No written policies were available. Purchase orders were not utilized.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No written purchasing/disbursement policies available. Transactions examined did not require solicitation of bids or quotes.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Acquired general ledger of travel reimbursements and obtained management's representation that the general ledger was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

No written policies were noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Expenses did not exceed GSA rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No written policy noted.

- c) Compare the entity’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Transactions were not approved in writing by someone other than the person receiving the reimbursement.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management’s representation that the listing or general ledger is complete.

There were no contracts in effect during the fiscal period per representation of management.

- 21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Not applicable.

- b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Not applicable.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No employment contract or pay rate schedules were available.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No changes were made to hourly pay rates/salaries during the fiscal period.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Documentation of daily attendance and leave was available for only hourly employees.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Employee's leave examined did not have written approval for the one employee selected.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No terminations noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No debt issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

No exceptions noted.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

No debt related to tax millages.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required notice was posted on the entity's premises. Entity does not maintain a website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, 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 LLA as a public document.

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

Ville Platte, Louisiana
October 24, 2017