

**VILLAGE OF TURKEY CREEK, LOUISIANA**

Financial Report

Year Ended June 30, 2018

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## INDEPENDENT AUDITOR'S 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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village, as of June 30, 2018, 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 35–41, 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 44-45 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 December 13, 2018, 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 the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

Ville Platte, Louisiana  
December 13, 2018

## **BASIC FINANCIAL STATEMENTS**

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 116,204	\$ 197,158	\$ 313,362
Receivables, net	16,405	72,463	88,868
Prepaid expenses	-	19,799	19,799
Restricted assets:			
Cash and interest-bearing deposits	-	6,650	6,650
Capital assets, net	<u>350,033</u>	<u>896,890</u>	<u>1,246,923</u>
Total assets	<u>482,642</u>	<u>1,192,960</u>	<u>1,675,602</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	<u>41,635</u>	<u>26,953</u>	<u>68,588</u>
<b>LIABILITIES</b>			
Accounts payable	7,029	14,750	21,779
Accrued liabilities	206	7,890	8,096
Customer deposits	-	6,650	6,650
Net pension liability	<u>107,974</u>	<u>75,695</u>	<u>183,669</u>
Total liabilities	<u>115,209</u>	<u>104,985</u>	<u>220,194</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	<u>6,100</u>	<u>-</u>	<u>6,100</u>
<b>NET POSITION</b>			
Net investment in capital assets	350,033	896,890	1,246,923
Restricted for sales tax dedication	70,452	-	70,452
Unrestricted (deficit)	<u>(17,517)</u>	<u>218,038</u>	<u>200,521</u>
Total net position	<u>\$ 402,968</u>	<u>\$ 1,114,928</u>	<u>\$ 1,517,896</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, 2018

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	\$ 81,213	\$ 15,541	\$ (65,672)	\$ -	\$ (65,672)
Public safety	104,429	50,403	(54,026)	-	(54,026)
Public works	51,667	-	(51,667)	-	(51,667)
Culture and recreation	<u>91,750</u>	<u>9,942</u>	<u>(81,808)</u>	<u>-</u>	<u>(81,808)</u>
Total governmental activities	329,059	75,886	(253,173)	-	(253,173)
Business-type activities:					
Water and sewer	<u>669,384</u>	<u>576,612</u>	<u>-</u>	<u>(92,772)</u>	<u>(92,772)</u>
Total	<u>\$998,443</u>	<u>\$ 652,498</u>	<u>(253,173)</u>	<u>(92,772)</u>	<u>(345,945)</u>
General revenues:					
Taxes -					
Property taxes, levied for general purposes			11,195	-	11,195
Sales taxes, levied for general purposes			57,369	-	57,369
Franchise taxes			17,288	-	17,288
Grants and contributions not restricted to specific programs -					
State sources			19,430	-	19,430
Non-employer pension contribution			811	1,891	2,702
Interest and investment earnings			-	268	268
Miscellaneous			29,531	30,364	59,895
Transfers			<u>83,031</u>	<u>(83,031)</u>	<u>-</u>
Total general revenues			<u>218,655</u>	<u>(50,508)</u>	<u>168,147</u>
Change in net position			(34,518)	(143,280)	(177,798)
Net position - July 1, 2017			<u>437,486</u>	<u>1,258,208</u>	<u>1,695,694</u>
Net position - June 30, 2018			<u>\$402,968</u>	<u>\$ 1,114,928</u>	<u>\$ 1,517,896</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, 2018

	General Fund	1996 Sales Tax Fund	Total
ASSETS			
Cash and interest-bearing deposits	\$ 54,482	\$ 61,722	\$ 116,204
Receivables:			
Taxes	117	11,187	11,304
Other	<u>5,101</u>	<u>-</u>	<u>5,101</u>
Total assets	<u>\$ 59,700</u>	<u>\$ 72,909</u>	<u>\$ 132,609</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,572	\$ 2,457	\$ 7,029
Accrued liabilities	<u>206</u>	<u>-</u>	<u>206</u>
Total liabilities	<u>4,778</u>	<u>2,457</u>	<u>7,235</u>
Fund balances:			
Restricted -			
Sales tax dedication	-	70,452	70,452
Unassigned	<u>54,922</u>	<u>-</u>	<u>54,922</u>
Total fund balances	<u>54,922</u>	<u>70,452</u>	<u>125,374</u>
Total liabilities and fund balances	<u>\$ 59,700</u>	<u>\$ 72,909</u>	<u>\$ 132,609</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, 2018

Total fund balances for governmental funds at June 30, 2018		\$ 125,374
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 \$339,924 accumulated depreciation	\$243,881	
Equipment, net of \$83,121 accumulated depreciation	18,016	
Vehicles, net of \$70,637 accumulated depreciation	9,199	
Infrastructure, net of \$224,939 accumulated depreciation	<u>78,937</u>	350,033
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.		41,635
Net pension liability		(107,974)
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>(6,100)</u>
Net position at June 30, 2018		<u>\$ 402,968</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, 2018

	General Fund	1996 Sales Tax Fund	Total
Revenues:			
Taxes	\$ 28,483	\$ 57,369	\$ 85,852
Licenses and permits	15,541	-	15,541
Intergovernmental	22,430	-	22,430
Fines and forfeits	47,403	-	47,403
Miscellaneous	39,473	-	39,473
Total revenues	<u>153,330</u>	<u>57,369</u>	<u>210,699</u>
Expenditures:			
Current -			
General government	82,397	-	82,397
Public safety	95,704	-	95,704
Public works	-	35,952	35,952
Culture and recreation	21,614	-	21,614
Capital outlay	30,946	-	30,946
Total expenditures	<u>230,661</u>	<u>35,952</u>	<u>266,613</u>
Excess (deficiency) of revenues over expenditures	(77,331)	21,417	(55,914)
Other financing source:			
Transfers in	83,031	-	83,031
Net changes in fund balances	5,700	21,417	27,117
Fund balances, beginning	<u>49,222</u>	<u>49,035</u>	<u>98,257</u>
Fund balances, ending	<u>\$ 54,922</u>	<u>\$ 70,452</u>	<u>\$ 125,374</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, 2018

Total net change in fund balances for year ended June 30, 2018 per the statement of revenues, expenditures and changes in fund balances	\$ 27,117
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	(65,011)
Pension benefit (expense) not requiring the use of current economic resources and therefore, not recorded as a fund expenditure	2,565
Non-employer's contributions to the Municipal Employees Retirement System	<u>811</u>
Change in net position for year ended June 30, 2018 per statement of activities	<u><u>\$ (34,518)</u></u>

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Statement of Net Position  
 Proprietary Fund - Enterprise Fund  
 June 30, 2018

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 197,158
Accounts receivable, net	57,963
Unbilled service receivable	14,500
Prepaid expenses	<u>19,799</u>
Total current assets	<u>289,420</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	6,650
Capital assets, net of accumulated depreciation	<u>896,890</u>
Total noncurrent assets	<u>903,540</u>
Total assets	<u>1,192,960</u>
Deferred outflows of resources related to pensions	<u>26,953</u>

LIABILITIES

Current liabilities:	
Accounts payable	14,750
Accrued liabilities	7,890
Payable from restricted assets -	
Customers' deposits	<u>6,650</u>
Total current liabilities	29,290
Noncurrent liabilities:	
Net pension liability	<u>75,695</u>
Total liabilities	<u>104,985</u>

NET POSITION

Net investment in capital assets	896,890
Unrestricted	<u>218,038</u>
Total net position	<u><u>\$ 1,114,928</u></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, 2018

Operating revenues:	
Charges for services	\$ 540,399
Connection fees	5,050
Penalties	16,913
Installations	8,700
Memberships	5,550
Miscellaneous	<u>30,364</u>
Total operating revenues	<u>606,976</u>
Operating expenses:	
Bank charges	305
Depreciation	69,491
Dues	465
Fees and permits	3,336
Fuel and oil	12,306
Insurance	38,973
Office expense	15,923
Professional fees	15,818
Repairs and maintenance	127,860
Salaries and related benefits	325,299
Supplies	19,089
Telephone	3,040
Travel	794
Uniforms	1,135
Utilities	<u>35,550</u>
Total operating expenses	<u>669,384</u>
Operating loss	<u>(62,408)</u>
Nonoperating revenues:	
Interest income	268
Nonemployer pension contribution	<u>1,891</u>
Total nonoperating revenues	<u>2,159</u>
Loss before transfers	(60,249)
Transfers out:	
Transfers out	<u>(83,031)</u>
Change in net position	(143,280)
Net position, beginning	<u>1,258,208</u>
Net position, ending	<u>\$ 1,114,928</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, 2018

Cash flows from operating activities:	
Receipts from customers	\$ 531,051
Payments to suppliers	(247,529)
Payments to employees	(325,299)
Other receipts	<u>66,577</u>
Net cash provided by operating activities	<u>24,800</u>
Cash flows from noncapital financing activities:	
Non-employer pension contribution	1,891
Net change in meter deposits	1,050
Transfers to other funds	<u>(83,031)</u>
Net cash used by noncapital financing activities	<u>(75,409)</u>
Cash flows from investing activities:	
Interest on investments	<u>268</u>
Net decrease in cash and cash equivalents	(50,341)
Cash and cash equivalents, beginning	<u>254,149</u>
Cash and cash equivalents, ending	<u>\$ 203,808</u>
Reconciliation of operating income (loss) to net cash	
Operating loss	\$ (62,408)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	69,491
Increase in accounts receivable	(9,348)
Increase in provision for uncollectible accounts	10,451
Decrease in unbilled utility receivables	106
Increase in prepaid expenses	7,464
Increase in deferred outflows of resources	6,194
Decrease in accounts payable	8,704
Increase in accrued liabilities	(5,272)
Increase in net pension liability	2,070
Decrease in deferred inflows of resources	<u>(2,652)</u>
Net cash provided by operating activities	<u>\$ 24,800</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, 2018, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for uncollectibles for customers' utility receivables was \$74,510 at June 30, 2018. 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, 2018, are recorded as prepaid items. The Village utilizes the consumption method to account for 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 acquisition value at the date of donation. The Village maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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, 2018 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. There is no long-term debt at June 30, 2018.

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, 2018, 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:

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, 2018, the Village has cash and interest-bearing deposits (book balances) totaling \$320,012 as follows:

Demand deposits	\$ 231,809
Savings deposits	<u>88,203</u>
Total	<u><u>\$ 320,012</u></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, 2018 in the amount of \$327,822 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, 2018 of \$88,868 consist of the following:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Accounts	\$ -	\$ 57,963	\$ 57,963
Unbilled utility	-	14,500	14,500
Ad valorem tax	117	-	117
Franchise tax	5,101	-	5,101
Sales tax	<u>11,187</u>	<u>-</u>	<u>11,187</u>
Total	<u>\$ 16,405</u>	<u>\$ 72,463</u>	<u>\$ 88,868</u>

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

Restricted assets consist of customers’ deposits in the amount of \$6,650 at June 30, 2018.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
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	309,330	30,594	-	339,924
Equipment	75,472	7,649	-	83,121
Vehicles	61,912	8,725	-	70,637
Infrastructure	206,896	18,043	-	224,939
Total accumulated depreciation	<u>653,610</u>	<u>65,011</u>	<u>-</u>	<u>718,621</u>
Governmental activities, capital assets, net	<u>\$ 415,044</u>	<u>\$ (65,011)</u>	<u>\$ -</u>	<u>\$ 350,033</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	26,245	472	-	26,717
Water system	967,690	34,353	-	1,002,043
Sewer system	483,257	24,950	-	508,207
Office equipment	9,594	-	-	9,594
Machinery and equipment	144,573	9,716	-	154,289
Vehicles	83,125	-	-	83,125
Total accumulated depreciation	<u>1,714,484</u>	<u>69,491</u>	<u>-</u>	<u>1,783,975</u>
Business-type activities, capital assets, net	<u>\$ 966,381</u>	<u>\$ (69,491)</u>	<u>\$ -</u>	<u>\$ 896,890</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 1,381
Public safety	8,725
Public works	15,715
Culture and recreation	<u>39,190</u>
Total depreciation expense	<u>\$65,011</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, 2018, taxes of 6.2 mills were levied on property with assessed valuations totaling \$1,753,690. Total taxes levied were \$10,873.

(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 (2018 collections \$57,369) are dedicated for the purpose of acquiring, constructing, improving, maintaining and operating a community center for the Village and improving and maintaining public streets and drainage works in the Village.

(8) On-behalf Payments for Salaries

The Village of Turkey Creek received on-behalf payments from the State of Louisiana for police salaries totaling \$3,000 for the fiscal year end June 30, 2018. Such payments are recorded as intergovernmental revenues and as public safety expenditures in the General Fund and as program revenues and public safety expense in the government-wide statement of activities.

(9) 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.

**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.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

**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.

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.

## VILLAGE OF TURKEY CREEK, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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 increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

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

### **Contributions**

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the actual employer contribution rate was 24.75% 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 \$2,702. Contributions to the pension plan from the Village were \$23,092 for the year ended June 30, 2018.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

As of June 30, 2018, the Village reported a liability of \$183,669 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the Village's proportion was .043904%, which was an decrease of .000186% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Village's recognized pension expense of \$28,030.

At June 30, 2018, 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	\$ -	\$ 5,593
Change of assumptions	3,072	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	5,388	507
Net differences between projected and actual earnings on plan investments	37,036	-
Contributions subsequent to the measurement date	<u>23,092</u>	<u>-</u>
Total	<u>\$68,588</u>	<u>\$ 6,100</u>

Deferred outflows of resources of \$23,092 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERS will be recognized in pension expense as follows:

Year Ended <u>June 30:</u>	
2019	\$ 15,222
2020	14,477
2021	8,036
2022	<u>1,661</u>
	<u>\$ 39,396</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

**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, 2017 are as follows:

Valuation date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	7.40%
Projected salary increases	5.0% (2.775% 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, 2017 valuation were based on the results of an experience study, for the period July 1, 2009 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation of June 30, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Public equity	50.00%	2.30%
Public fixed income	35.00%	1.60%
Alternatives	15.00%	0.70%
Totals	<u>100.00%</u>	4.60%
Inflation		<u>2.60%</u>
Expected arithmetic nominal return		<u>7.20%</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Discount rate**

The discount rate used to measure the total pension liability was 7.40%. 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 7.4%, as well as what the employers' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.40%</u>	<u>7.40%</u>	<u>8.40%</u>
Net Pension Liability	<u>\$ 234,055</u>	<u>\$ 183,669</u>	<u>\$ 140,691</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS 2017 annual financial report at [www.mersla.com/annual-reports](http://www.mersla.com/annual-reports).

**Payables to the System**

The Village's payable to the Fund at June 30, 2018 was \$2,967 and is the legally required contribution owed for the month of June 2018.

(10) Compensation of Village Officials

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2018 follows:

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

A detail of compensation, benefits, and other payments to Mayor, Heather Cloud, for the year ended June 30, 2018 follows:

<u>Purpose</u>	
Salary	\$ 9,600
Payroll taxes	734
Cell phone	<u>600</u>
Total	<u>\$ 10,934</u>

(12) Interfund Transfers

Transfers consisted of the following at June 30, 2018.

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 83,031	\$ -
Proprietary fund:		
Enterprise Fund	<u>-</u>	<u>83,031</u>
Total	<u>\$ 83,031</u>	<u>\$ 83,031</u>

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

(13) Risk Management

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

(14) Pending Litigation

At June 30, 2018, the Village was not involved in any lawsuits that would have a material adverse effect on the Village's financial position.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

VILLAGE OF TURKEY CREEK, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ 28,000	\$ 28,400	\$ 28,483	\$ 83
Licenses and permits	12,500	13,000	15,541	2,541
Intergovernmental	4,000	24,889	22,430	(2,459)
Fines and forfeits	100,000	45,000	47,403	2,403
Miscellaneous	22,100	27,200	39,473	12,273
Total revenues	<u>166,600</u>	<u>138,489</u>	<u>153,330</u>	<u>14,841</u>
<b>Expenditures:</b>				
Current -				
General government	85,050	86,135	82,397	3,738
Public safety	88,950	107,567	95,704	11,863
Culture and recreation	35,900	24,310	21,614	2,696
Capital outlay	-	30,946	30,946	-
Debt service:				
Principal	20,000	-	-	-
Interest	445	-	-	-
Total expenditures	<u>230,345</u>	<u>248,958</u>	<u>230,661</u>	<u>18,297</u>
Deficiency of revenues over expenditures	(63,745)	(110,469)	(77,331)	33,138
<b>Other financing sources:</b>				
Transfers in	<u>61,000</u>	<u>86,000</u>	<u>83,031</u>	<u>(2,969)</u>
Net change in fund balance	(2,745)	(24,469)	5,700	30,169
Fund balance, beginning	<u>49,222</u>	<u>49,222</u>	<u>49,222</u>	<u>-</u>
Fund balance, ending	<u>\$ 46,477</u>	<u>\$ 24,753</u>	<u>\$ 54,922</u>	<u>\$ 30,169</u>

VILLAGE OF TURKEY CREEK, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem	\$ 11,000	\$ 11,300	\$ 11,195	\$ (105)
Franchise fees	<u>17,000</u>	<u>17,100</u>	<u>17,288</u>	<u>188</u>
Total taxes	<u>28,000</u>	<u>28,400</u>	<u>28,483</u>	<u>83</u>
Occupational licenses	<u>12,500</u>	<u>13,000</u>	<u>15,541</u>	<u>2,541</u>
Intergovernmental:				
State of Louisiana -				
Beer taxes	1,000	750	530	(220)
Highway maintenance	3,000	3,000	3,000	-
State grants	-	17,889	15,900	(1,989)
State supplemental pay	<u>-</u>	<u>3,250</u>	<u>3,000</u>	<u>(250)</u>
Total intergovernmental	<u>4,000</u>	<u>24,889</u>	<u>22,430</u>	<u>(2,459)</u>
Fines and forfeits	<u>100,000</u>	<u>45,000</u>	<u>47,403</u>	<u>2,403</u>
Miscellaneous:				
Rent income	6,000	6,500	7,025	525
Lil Dega Speedway	-	4,500	9,942	5,442
Other sources	<u>16,100</u>	<u>16,200</u>	<u>22,506</u>	<u>6,306</u>
Total miscellaneous	<u>22,100</u>	<u>27,200</u>	<u>39,473</u>	<u>12,273</u>
 Total revenues	 <u>\$ 166,600</u>	 <u>\$ 138,489</u>	 <u>\$ 153,330</u>	 <u>\$ 14,841</u>

VILLAGE OF TURKEY CREEK, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Current:				
General government -				
Advertising	\$ 3,000	\$ 3,000	\$ 3,467	\$ (467)
Bank charges	100	10	-	10
Fees and permits	500	1,992	1,782	210
Insurance	8,000	4,000	3,163	837
Office expenditures	1,100	1,300	1,143	157
Professional fees	27,000	15,000	17,358	(2,358)
Repairs and maintenance	6,000	13,000	12,790	210
Salaries and related benefits	31,800	32,750	31,850	900
Supplies	2,400	7,933	3,603	4,330
Telephone	3,250	3,250	3,382	(132)
Travel	400	400	129	271
Utilities	1,500	3,500	3,730	(230)
Total general government	<u>85,050</u>	<u>86,135</u>	<u>82,397</u>	<u>3,738</u>
Public safety - Police				
Fuel and supplies	4,000	4,000	7,201	(3,201)
Insurance	6,000	32,000	19,915	12,085
Miscellaneous	18,550	18,567	21,879	(3,312)
Repairs and maintenance	12,000	3,000	2,456	544
Salaries and related benefits	45,500	47,000	40,156	6,844
Telephone	2,900	3,000	3,000	-
Insurance	-	-	931	(931)
Office expense	-	-	166	(166)
Total public safety - police	<u>88,950</u>	<u>107,567</u>	<u>95,704</u>	<u>12,960</u>

VILLAGE OF TURKEY CREEK, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Current:				
Parks and recreation -				
Insurance	7,500	-	-	-
Miscellaneous	2,300	310	28	282
Materials and supplies	26,000	24,000	21,586	2,414
Utilities	100	-	-	-
Total parks and recreation	<u>35,900</u>	<u>24,310</u>	<u>21,614</u>	<u>2,696</u>
Capital outlay	-	30,946	30,946	-
Debt service:				
Principal	20,000	-	-	-
Interest	445	-	-	-
Total debt service	<u>20,445</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 230,345</u>	<u>\$ 248,958</u>	<u>\$ 230,661</u>	<u>\$18,297</u>

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

Budgetary Comparison Schedule  
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 60,000	\$ 57,000	\$ 57,369	\$ 369
Expenditures:				
Current -				
Public works	<u>56,000</u>	<u>46,700</u>	<u>35,952</u>	<u>10,748</u>
Excess of revenues over expenditures	4,000	10,300	21,417	11,117
Other financing uses:				
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
Net change in fund balance	3,000	9,300	21,417	12,117
Fund balance, beginning	<u>49,035</u>	<u>49,035</u>	<u>49,035</u>	<u>-</u>
Fund balance, ending	<u>\$ 52,035</u>	<u>\$ 58,335</u>	<u>\$ 70,452</u>	<u>\$ 12,117</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2018

<u>Year ended June 30,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2018	0.043904%	\$ 183,669	\$ 79,731	230.4%	62.49%
2017	0.044090%	\$ 180,712	\$ 78,760	229.4%	62.11%
2016	0.038643%	\$ 138,039	\$ 76,880	179.6%	66.18%
2015	0.048667%	\$ 124,901	\$ 73,566	169.8%	74.00%

*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, 2018

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 23,092	\$ 23,092	\$ -	\$ 93,302	24.75%
2017	\$ 18,139	\$ 18,139	\$ -	\$ 79,731	22.75%
2016	\$ 15,555	\$ 15,555	\$ -	\$ 78,760	19.75%
2015	\$ 15,184	\$ 15,184	\$ -	\$ 76,880	19.75%

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2018

(1) Budget and Budgetary Accounting

A budget for the General Fund for the year ended June 30, 2018 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) 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, 2018

Records maintained by the Village indicated the following number of customers were being serviced during the month of June, 2018:

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2018

<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, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Victor R. Slaven, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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\* A Professional Accounting Corporation

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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 13, 2018.

### 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 2018-001 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, Slaven & Company, LLC*  
Certified Public Accountants

Ville Platte, Louisiana  
December 13, 2018

VILLAGE OF TURKEY CREEK, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
For the Year Ended June 30, 2018

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>CURRENT YEAR (06/30/2018) --</u>						
<u>Internal Control:</u>						
2018-001	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 (06/30/2017) --

Internal Control:

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
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Compliance:

There were no compliance findings noted.

**VILLAGE OF TURKEY CREEK, LOUISIANA**

**Statewide Agreed-Upon Procedures Report  
Year Ended June 30, 2018**

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

\* A Professional Accounting Corporation

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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 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, 2017 through June 30, 2018. 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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.  
*Written policies and procedures were obtained and address the functions noted above.*
  - 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.  
*Written policies and procedures were obtained and address the functions noted above.*
  - c) **Disbursements**, including processing, reviewing, and approving.  
*Written policies and procedures were obtained and address the functions noted above.*
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).  
*Written policies and procedures were obtained and address 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.  
*Written policies and procedures were obtained and address the functions noted above.*
- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).  
*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.  
*Written policies and procedures are not adequate for the functions noted above.*
- 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.  
*Written policies and procedures are not adequate for the functions noted above.*
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirement.  
*There were no written policies and procedures noted.*

### **Board or Finance Committee**

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.  
*No exceptions noted.*
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.  
*No exceptions noted.*
  - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.  
*No negative ending unrestricted fund balance noted in prior year audit report.*

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);  
*No exceptions noted.*
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and  
*The bank reconciliations prepared for all accounts examined did not have evidence of management review.*
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.  
*Four of the five bank reconciliations did not have documentation for items outstanding more than 12 months.*

### ***Collections***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).  
*Obtained a listing of deposit sites and management's representation that the listing is complete.*
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.  
*Employees responsible for cash collections share a cash drawer/register.*
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.  
*Employees responsible for collecting cash are responsible for preparing/making bank deposits. Another employee/official does not reconcile collection documentation.*
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.  
*No exceptions noted.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

*Employees responsible for reconciling cash collections are responsible for collecting cash.*

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*No exceptions noted.*

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

*No exceptions noted.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions noted.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions noted.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

*Two of the deposits selected were not made within one business day of collection.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*No exceptions noted.*

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*No exceptions noted.*

- b) At least two employees are involved in processing and approving payments to vendors.

*No exceptions noted.*

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.  
*No exceptions noted.*

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.  
*Exception noted.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe that the disbursement matched the related original invoice/billing statement.  
*No exceptions noted.*

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.  
*Three of the disbursements selected did not have evidence of segregation of duties tested under number 9.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.]]  
*The credit card statement was approved in writing, but receipts/invoices were not approved.*

b) Observe that finance charges and late fees were not assessed on the selected statements.  
*No exceptions noted.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).  
*Documentation of the business/public purpose was not indicated on one invoice.*

***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).  
*No exceptions noted.*
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.  
*Not applicable.*
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).  
*Two of the five reimbursements did not have documentation of business/public purpose.*
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.  
*None of the reimbursements selected were reviewed and approved in writing.*

***Contracts***      ***N/A-There were no agreements/contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.  
*Authorized salaries/pay rates were not in personnel files.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that 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.)  
*One of the five employees selected did not have documentation of daily attendance and one employee selected did not have documentation for leave.*
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.  
*None of the employees selected had documentation of supervisors' approval of attendance or leave.*
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.  
*No exceptions noted.*
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.  
*No termination payments were made during the year.*
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.  
*No exceptions noted.*

***Management's Response:***

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*Management of the Village of Turkey Creek concurs with the exceptions and are working to address the deficiencies identified.*

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

Ville Platte, Louisiana  
December 13, 2018