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VILLAGE OF MORGANZA, LOUISIANA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 12 2000

**VILLAGE OF MORGANZA
POINTE COUPEE PARISH, LOUISIANA
P. O. BOX 66
MORGANZA, LA 70759
(225) 694-3655**

MAYOR

Charles Landry

ALDERMEN

**John Mitch Langlois, Gas Commissioner
Salvador J. Tuminello, Water & Sewer Commissioner
Carmella Guedry, Tourism & Beautification Commissioner**

CITY MANAGER

Mark S. Ramagos

CITY CLERK

Diane Grantham

CHIEF OF POLICE

Carl K. Landry

MEETING DATE

**1st Tuesday of Every Month
7:00 PM - Town Hall**

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FOR THE YEAR ENDED JUNE 30, 1999
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George F. Delaune

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OFFICERS ASSOCIATION

INDEPENDENT AUDITOR'S REPORT

**The Honorable Charles Landry, Mayor
and Members of the Board of Aldermen
Village of Morganza, Louisiana**

I have audited the accompanying general-purpose financial statements of the **VILLAGE OF MORGANZA, LOUISIANA**, as of and for the year ended June 30, 1999, as listed in the Table of Contents. These general-purpose financial statements are the responsibility of the Village of Morganza's management. My responsibility is to express an opinion on these general-purposes financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards and the Guide require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Morganza, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 25, 1999, on my consideration of the Village of Morganza's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Village of Morganza, Louisiana, taken as a whole. The schedules listed in the table of contents and schedule of expenditures of federal awards are presented for purposes of additional analysis or as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

George F. Delaune, CPA

November 25, 1999

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VILLAGE OF MORGANZA, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
JUNE 30, 1999

	Governmental Fund Types		Proprietary Fund Type	Account Group	Totals Memorandum Only
	General	Capital Projects	Enterprise	General Fixed Assets	
ASSETS					
Cash	\$ 42,762	\$ 50	\$ 307,362		\$ 350,174
Investments			200,000		200,000
Receivables -					3,919
Taxes - franchise	3,919				3,919
Utility billings			106,470		106,470
Due from General Fund			6,133		6,133
Due from Capital Projects			50		50
Due from other governmental units -					1,026
Louisiana - tobacco taxes	1,026				1,026
Louisiana - video poker	2,380				2,380
Louisiana - public safety (sales tax)	1,243				1,243
Louisiana - transportation (grass cutting)	1,934				1,934
Louisiana - Division of Administration		47,433			47,433
Prepaid expenses			3,441		3,441
Property, Plant and Equipment -					2,229,290
At cost			2,099,527	\$ 129,763	2,229,290
Accumulated depreciation			(627,571)		(627,571)
TOTAL ASSETS	\$ 53,264	\$ 47,483	\$ 2,095,412	\$ 129,763	\$ 2,325,922
LIABILITIES AND FUND EQUITY					
Liabilities:					\$35,591
Accounts payable	\$ 23,312	\$ 6,750	\$ 5,529		\$35,591
Construction payable		40,683			\$40,683
Accrued liabilities -					2,374
Salaries	1,411		963		2,374
Payroll deductions	1,144		1,345		2,489
Due to Public Utility Fund	6,133	50			6,183
Due to other governmental units -					36,641
P.C. Parish - Solid Waste System			36,641		36,641
Consumer deposits			33,551		33,551
Total Liabilities	32,000	47,483	78,029		157,512
Fund Equity:					1,563,268
Contributed capital			1,563,268		1,563,268
Investment in general fixed assets				\$ 129,763	129,763
Retained earnings - unreserved			454,115		454,115
Fund balance - unreserved/undesignated	21,264				21,264
Total Fund Equity	21,264		2,017,383	129,763	2,168,410
TOTAL LIABILITIES AND FUND EQUITY	\$ 53,264	\$ 47,483	\$ 2,095,412	\$ 129,763	\$ 2,325,922

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	General	Capital Projects	Totals (Memorandum Only)
Revenues:			
Taxes	\$ 62,614		\$ 62,614
Licenses and permits	17,095		17,095
Intergovernmental revenue	22,500	\$ 357,865	380,365
Fines and forfeitures	3,266		3,266
Miscellaneous revenues	7,511		7,511
Total Revenues	112,986	357,865	470,851
Expenditures:			
Current operations			
Salaries and benefits	71,553		71,553
Purchased professional services	3,152		3,152
Utilities	8,756		8,756
Other purchased services	15,658		15,658
Repairs, maintenance and supplies	21,228		21,228
Capital outlays	26,987	357,865	384,852
Total Expenditures	147,334	357,865	505,199
(Deficiency) of Revenues Over Expenditures	(34,348)		(34,348)
Operating Transfers:			
From Public Utility Fund	56,233		56,233
(Deficiency) of Revenues and Transfers Over Expenditures	21,885		21,885
Fund Balance - July 1	(621)		(621)
FUND BALANCE - June 30	\$ 21,264		\$ 21,264

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL [GAAP BASIS] - GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	General Fund		Variance Favorable (Unfavorable)	Capital Projects		Variance Favorable (Unfavorable)
	Budget	Actual		Project Budget	Actual	
Revenues:						
Taxes	\$ 62,000	\$ 62,614	\$ 614			
Licenses and permits	14,200	17,095	2,895			
Intergovernmental revenues	20,433	22,500	2,067	\$364,734	\$357,865	(\$6,869)
Fines and forfeitures	1,300	3,266	1,966			
Miscellaneous revenues	3,384	7,511	4,127			
Total Revenues	101,317	112,986	11,669	364,734	357,865	(6,869)
Expenditures:						
Current Operations:						
General government	27,173	29,786	(2,613)			
Police department	39,958	38,561	1,397			
Street department	53,266	52,000	1,266			
Capital Outlays:						
General government	2,706	2,706				
Police department	25,540	24,181	1,359			
Street department	100	100		364,734	357,865	6,869
Total Expenditures	148,743	147,334	1,409	364,734	357,865	6,869
(Deficiency) of Revenues Over Expenditures	(47,426)	(34,348)	13,078			
Operating Transfers:						
From Public Utility	56,233	56,233				
(Deficiency) of Revenues and Transfers Over Expenditures	8,807	21,885	13,078			
Fund Balance - July 1	(621)	(621)				
FUND BALANCE - June 30	\$ 8,186	\$ 21,264	\$ 13,078			

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE (ENTERPRISE FUND)
FOR THE YEAR ENDED JUNE 30, 1999
With Comparative Total for 1998

	1999	1998
Operating Revenues:		
Charges for services	\$ 212,617	\$ 272,506
Customer service charges	525	466
Penalty charges	3,160	6,535
	216,302	279,507
Operating Expenses:		
General and administrative	66,525	59,826
Natural gas department	78,224	105,512
Water department	47,666	41,132
Sewer department	52,202	53,113
	244,617	259,583
Operating Income	(28,315)	19,924
Non-operating Revenues (Expenses):		
Utility billing fee	4,433	4,504
Interest earned	16,802	18,799
Investment gains	1,900	1,900
Rural development grant	15,000	15,000
Bad debts written off	(2,038)	(1,932)
	34,197	38,271
Income Before Operating Transfers	5,882	58,195
Other Financing (Uses):		
Operating transfers out	(56,233)	(20,000)
Net Income	(50,351)	38,195
Retained Earnings - July 1	504,466	466,271
RETAINED EARNINGS - June 30	\$ 454,115	\$ 504,466

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE (ENTERPRISE FUND)
FOR THE YEAR ENDED JUNE 30, 1999
With Comparative Total for 1998

	1999	1998
Cash Flows from Operating Activities:		
Operating income	\$ (28,315)	\$ 19,924
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	53,598	50,110
Utility billing fee	4,433	4,504
Bad debts written off	(2,038)	(1,932)
Changes in assets and liabilities -		
Decrease (increase) in investments	(199,904)	62,442
Decrease (increase) in receivables	11,003	(28,203)
Decrease (increase) in due from General Fund	(2,242)	(2,279)
Decrease (increase) in due from Capital Projects Fund		(50)
Decrease (increase) in prepaid insurance	(1,077)	1,008
Increase (decrease) in accounts payable	(110)	705
Increase (decrease) in accrued salaries	963	
Increase (decrease) in payroll deductions	254	
Increase (decrease) in due to Pointe Coupee Solid Waste System	573	4,172
Increase (decrease) in consumer meter deposit liability	2,080	2,980
Net Cash Provided by (Used for) Operating Activities	(160,782)	113,381
Cash Flows from Non-Capital Financing Activities:		
Operating transfers out	(56,233)	(20,000)
Net Cash (Used for) Non-Capital Financing Activities	(56,233)	(20,000)
Cash Flows from Capital and Related Financing Activities:		
Contributed from LCDBG funding	387,743	
Acquisition of capital assets from LCDBG funding	(387,743)	
Grant - Rural Development	15,000	15,000
Construction in progress	(772)	(283)
Acquisition of capital assets	(15,116)	(15,419)
Net Cash (Used for) Capital and Related Financing Activities	(888)	(702)
Cash Flows from Investing Activities:		
Interest earned	16,802	18,799
Gain on investments		1,900
Net Cash Provided from Investing Activities	16,802	20,699
Net Increase (Decrease) in Cash and Cash Equivalents	(201,101)	113,378
Cash and Cash Equivalents at July 1	508,463	395,085
CASH AND CASH EQUIVALENTS AT June 30	\$ 307,362	\$ 508,463

The accompanying notes are an integral part of this statement.

**VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - THE ENTITY

The Village of Morganza, Louisiana (the "Village") was incorporated on March 6, 1908, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The Village provides police protection; streets and drainage maintenance; public improvements; gas, water, and sewer services; and general administration. The Village operates under a Mayor-Board of Aldermen Council form of government. The Mayor and three Council Members are elected at large to serve four year terms. The Mayor is entitled to a per diem of \$200 per month and each Council Member \$120 for each meeting attended. The Village of Morganza is located in Pointe Coupee Parish with a geographic area of approximately six square miles. The estimated population as of July 1, 1997 was 759. The Village employs six full-time employees. The Village serves 503 gas customers, 322 water customers, and 297 sewer customers; and maintains 20 miles of streets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

As the municipal governing authority, for reporting purposes, the Village of Morganza is considered a separate financial reporting entity. The financial reporting entity consists of [a] the primary government (municipality), [b] organizations for which the primary government is financially accountable, and [c] other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Morganza for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements should be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, since the Village has no component units, these financial statements present the primary government of the Village of Morganza.

Other Organizations

The municipality may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as [a] related organizations, [b] joint ventures and jointly governed organizations, and [c] component units of another government with characteristics of a joint venture or jointly governed organization.

Considered in the determination of component units of the reporting entity were the Pointe Coupee Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for the 18th Judicial District. It was determined that these governmental entities are not component units of the Village of Morganza reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Village of Morganza.

Also, excluded from the reporting entity:

Fire Protection District No. 2 of the Parish of Pointe Coupee, Louisiana

This potential component unit has a separate board appointed jointly by the area governments' governing bodies. It provides services to residents, within the geographic boundaries of the government and other areas adjacent to it. This unit is excluded from the reporting entity because the government does not have the ability to exercise influence or control over its daily operations, approve budgets or provide funding.

**VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Fund Accounting

The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund -- the general operating fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds.

Capital Projects Fund — account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Fund -- account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus -- modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting,

Revenues:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Consequently, the Village recognizes revenues as follows:

1. Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.
2. Sales and use tax revenues are recorded in the month they are received by the centralized parish sales tax collector.
3. Federal and state grants and reimbursements are recorded when the Village is entitled to the funds. Where grant revenue is dependent upon expenditures by the Village, revenue is recognized when the related expenditures are incurred.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Fines, forfeitures, and court costs are recorded in the year they are received by the Village or parish tax collector.
5. Fees, charges and commissions are recognized as revenue in the month in which they are earned and billed.
6. Substantially all other revenues are recorded when received by the Village.

Expenditures:

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses):

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). Transfers are recorded when the funds are actually transferred.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

Encumbrances

The Village does not follow the encumbrance method of accounting.

Budgets

The Village uses the following budget practices:

1. Budgets are prepared for the General Fund and Enterprise Fund on the GAAP Basis and appropriations (unexpended budget balances) lapse at year end.
2. A notice of the proposed operating budgets are published and since the budget for the General Fund is less than \$250,000; the Village is required to hold at least one public hearing. Publication of the budget was made after adoption.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. There were no budget amendments; consequently, the financial statements present the original budgets.

Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

State statutes authorize the Village of Morganza, Louisiana to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value.

Accounts Receivable and Bad Debts

The Village uses the direct charge-off method whereby uncollectible amounts due from ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

Inventories

Inventories for supplies are immaterial and are recorded as expenditures when purchased.

General Fixed Assets

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Asset Group of Accounts rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, streets,

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

drainage system, and lighting systems, are not capitalized with other fixed assets. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

Property, Plant and Equipment - Proprietary Fund

Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on depreciable property using the straight-line method. Estimated useful lives are as follows:

Natural Gas System	50 Years
Water System	10 - 50 Years
Sewer System	5 - 50 Years
Equipment	5 Years
Furniture and Office Equipment	3 - 10 Years
Vehicles	5 Years

Compensated Absences

Accumulated unpaid vacation and sick leave is accrued when incurred in proprietary funds. The amount of accumulated vacation and sick leave recorded in the governmental funds is that amount, adjusted to current salary costs, which is expected to be liquidated with expendable available financial resources. Only the current portion is reflected in the funds. The remainder of the liability is reported in the General Long-Term Debt Account Group. The guidelines of GASB Codification Section C60 were applied in determining the liability for both governmental and proprietary funds.

Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

Sales and Use Tax

The Village has a one per cent sales and use tax approved by the voters, for an indefinite period. The tax, after all necessary costs for collection and administration, is available for general purposes.

Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - LEVIED TAXES

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of "use" value; and all other property is to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property every four years.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of property taxes levied by the Village. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If the taxes are not paid by the due date of December 31st, the taxes bear interest at 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are collected from November to February by the Sheriff. Any amounts not collected at June 30th are shown as accounts receivable.

The following is a summary of authorized and levied ad valorem taxes for the year ended June 30, 1999:

Fund	Authorized Millage	Levied Millage	Expiration Date
General Fund	7.00	6.35	Indefinite

The difference between authorized and levied millages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the Village and their 1998 assessed valuation:

Taxpayer	Type of Business	Assessed Valuation	Tax Paid
Regions Bank of Louisiana	Banking	\$208,685	\$13,110
BellSouth Telecommunications, Inc.	Telephone	107,720	6,765
Entergy Services, Inc.	Electric	40,130	2,520
Pointe Coupee Electric Membership Corp.	Electric	33,704	2,117
Joseph J. III & Stephanie B. Ewing	Various	26,590	1,667
Union Pacific Railroad Co.	Railroad	25,410	1,485
Joseph C. & Rose V. Bergeron	Various	28,895	1,389
Cablevision Industries of LA Partnership	Cable TV	18,160	1,139
Guaranty Bank & Trust Company	Banking	18,080	1,134
H. M. & W. Super Mart	Grocery	17,660	1,107

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - CASH and CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 1999:

Demand deposits	\$ 150
Interest-bearing demand deposits	197,722
LAMP	<u>152,302</u>
Total	<u><u>\$ 350,174</u></u>

These deposits are stated at cost, which approximates market. Under state statutes, these deposits must be secured by federal deposit insurance 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. 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.

At June 30, 1999, the Village has \$207,840 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$107,840 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

In accordance with GASB Codification Section 150.165, the investment in LAMP at June 30, 1999, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a Board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more

**VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

NOTE 5 - INVESTMENTS

The following is a summary of investments at June 30, 1999:

	Cost	Market Value
Certificate of Deposit - Regions Bank of Louisiana	\$ 200,000	\$ 200,000

These deposits are stated at cost, which approximates market. Under state statutes, these deposits must be secured by federal deposit insurance 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. 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.

At June 30, 1999, these deposits are secured from risk by \$200,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 6 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

	7-1-1998	Additions	Deletions	6-30-1999
Land	\$ 2,000			\$ 2,000
Buildings	31,356			31,356
Equipment	69,420	\$ 26,987		96,407
	\$ 102,776	\$ 26,987		\$ 129,763

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

A summary of changes in proprietary property, plant and equipment follows:

	<u>7-1-1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-1999</u>
Land	\$ 12,610			\$ 12,610
Machinery and equipment	17,119			17,119
Furniture and office equipment	11,570			11,570
Vehicles	21,164			21,164
Natural gas system	214,029			214,029
Water system	690,823	\$ 15,116	\$ 15,116	690,823
Sewer system	743,697	387,743		1,131,440
	<u>1,711,011</u>	<u>\$ 402,859</u>	<u>\$ 15,116</u>	<u>2,099,527</u>
Accumulated depreciation	<u>(589,089)</u>	<u>\$ (53,598)</u>	<u>\$ 15,116</u>	<u>(627,571)</u>
	<u>\$ 1,121,923</u>			<u>\$ 1,471,956</u>

NOTE 7 - UTILITY SERVICE AGREEMENT

An agreement between the Solid Waste Disposal System of the Parish of Pointe Coupee and the Village of Morganza provides for the billing of customers on the Village's system. This billing agreement went into effect for the month of October 1985. Under the terms of the agreement, the Village retains a \$.75 per customer as a billing fee. The amount owed to the Solid Waste Disposal System as of June 30, 1999 is \$36,641.

NOTE 8 - CENTRALIZED COLLECTION AGENCY AGREEMENT

In accordance with Paragraph (B)(1) of Section 3 of Article VII of the Constitution of the State of Louisiana, the Village entered into an agreement on May 20, 1992 with all of the sales and use taxing authorities of the Parish of Pointe Coupee designating the Sales Tax Department of the Pointe Coupee Parish Police Jury as the single tax collection entity. The agreement is effective as of July 1, 1992, the agreement authorizes the Village to compensate the collection agency 1.25% of the gross amounts collected.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 - PENSION PLAN AND RETIREMENT COMMITMENTS

Social Security and Medicare -

All employees of the Village are members of the Federal Social Security and Medicare System. The total payroll for employees of the Village covered by the System for the year ended June 30, 1999, was \$88,069.

The total contribution to the System is 15.3% of taxable payroll of which the Village and employees contribute 7.65% each. For the year ended June 30, 1999, the Village contributed \$6,737 to the System.

NOTE 10 - CONTINGENT LIABILITIES

There is no pending litigation against the Village.

NOTE 11 - GRANT AWARD

On November 18, 1997, the Louisiana Division of Administration awarded the Village \$394,612 in CDBG funds for improvements to its sewer system. The construction was deemed substantially completed on March 31, 1999 and all costs were paid as of October 12, 1999.

A summary of construction costs is as follows:

Administrative consultant	\$ 17,750
Other administrative	154
Basic engineering fees	29,878
Surveying	7,500
Resident project engineer	10,484
Construction contract	321,978
Total	<u>\$ 387,743</u>

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the mayor and board members is as follows:

Mayor	- Eugene Serio (July to December 1998)	\$ 1,035
	- Charles Landry (January to June 1999)	900
Council Members	- Eric Gustin (July to December 1998)	558
	- Stanley LeCoq (July to December 1998)	618
	- John M. Langlois (January to June 1999)	540
	- Salvador J. Tuminello (January to June 1999)	540
	- Carmella Guedry	<u>1,200</u>
		<u>\$ 5,391</u>

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SUPPLEMENTAL DATA

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VILLAGE OF MORGANZA, LOUISIANA
SCHEDULE OF REVENUES
BUDGET AND ACTUAL [GAAP BASIS] - GOVERNMENTAL FUND TYPE (GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
General property	\$ 9,700	\$ 9,581	\$ (119)
Sales	36,000	37,945	1,945
Electric franchise	12,500	12,149	(351)
Cable TV franchise	3,800	2,939	(861)
Total Taxes	\$ 62,000	\$ 62,614	\$ 614
Licenses and Permits:			
Occupational - businesses	\$ 3,500	\$ 4,215	\$ 715
Occupational - insurance	10,000	12,250	2,250
Liquor and beer permits	700	630	(70)
Total Licenses and Permits	\$ 14,200	\$ 17,095	\$ 2,895
Intergovernmental Revenues:			
Grant - La Comm on Law Enforcement	\$ 1,779	\$ 2,882	\$ 1,103
Grant - La Police Supplemental pay	3,600	3,600	
La - Tobacco taxes	4,104	4,104	
La - Beer taxes	2,050	1,490	(560)
La - Video poker	8,900	10,424	1,524
Total Intergovernmental Revenues	\$ 20,433	\$ 22,500	\$ 2,067
Fines and Forfeitures:			
Traffic fines	\$ 1,300	\$ 3,266	\$ 1,966
Miscellaneous Revenues:			
LDOTD grass contract	\$ 1,934	\$ 1,934	
Interest earned	1,350	1,375	25
Other	100	4,202	4,102
Total Miscellaneous Revenues	\$ 3,384	\$ 7,511	\$ 4,127

VILLAGE OF MORGANZA, LOUISIANA
SCHEDULE OF CURRENT OPERATING EXPENDITURES
BUDGET AND ACTUAL [GAAP BASIS] - GOVERNMENTAL FUND TYPE (GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Government -			
Salaries and Benefits -			
Mayor's per diem	\$ 1,988	\$ 1,988	
Council members' per diem	3,606	3,606	
Salaries - janitor	1,094	638	\$ 456
Group insurance	900	2,205	(1,305)
Unemployment compensation	40		40
Workers compensation	100	90	10
Social security and medicare	100		100
Uniform expense	94	94	
Purchased Professional Services -			
Professional fees - legal	150	150	
Professional fees - assessor	437	437	
Professional fees - auditor	1,500	1,500	
Professional fees - accountant	800	670	130
Professional fees - sales tax collector		395	(395)
Conventions and conferences	290	199	91
Election expense	37	37	
Utilities -			
Electricity	1,920	1,916	4
Natural gas	450	386	64
Other Purchased Services -			
Insurance - fire	1,700	2,313	(613)
Insurance - liability	664	3,266	(2,602)
Insurance - bonds	223	223	
Telephone	1,400	1,368	32
Paging system	200	199	1
Publishing and recording	750	768	(18)
Dues	400	337	63
Subscriptions	300	295	5
Tourism and promotion	1,000	289	711
Repairs, Maintenance and Supplies -			
Buildings	2,340	2,201	139
Janitorial and other supplies	200	128	72
Equipment maintenance	690	704	(14)
Beautification program	1,000		1,000
Office supplies	1,800	1,704	96
Miscellaneous supplies	1,000	1,680	(680)
Total General Government	<u>\$ 27,173</u>	<u>\$ 29,786</u>	<u>\$ (2,613)</u>

	Budget	Actual	Variance Favorable (Unfavorable)
Police Department -			
Salaries and Benefits -			
Salary - chief	\$ 18,630	\$ 18,994	\$ (364)
Salary - auxiliary	736	736	
Salary - police supplemental pay	3,600	3,600	
Group insurance	3,000	2,390	\$610
Unemployment compensation	60		60
Workers compensation	1,600	1,359	241
Social security and medicare	1,450	1,482	(32)
Medical claims	1,179	1,179	
Other Purchased Services -			
Insurance - liability	3,000	4,114	(1,114)
Insurance - vehicles and equipment	2,313		2,313
Telephone	880	885	(5)
Fees - law enforcement	100	76	24
Repairs, Maintenance and Supplies -			
Vehicles - gas and oil	1,300	1,385	(85)
Vehicle - maintenance	1,200	1,841	(641)
Police supplies	500	142	358
Radios and equipment	300	317	(17)
Miscellaneous supplies	110	61	49
Total Police Department	\$ 39,958	\$ 38,561	\$ 1,397
Street Department -			
Salaries and Benefits -			
Salary - laborers	\$ 24,634	\$ 24,855	\$ (221)
Group insurance	2,700	1,996	704
Unemployment compensation	70		70
Workers compensation	4,900	4,472	428
Social security and medicare	1,700	1,869	(169)
Utilities -			
Street lighting	6,750	6,454	296
Other Purchased Services -			
Insurance - liability	1,500	1,289	211
Insurance - vehicles and equipment	1,300		1,300
Repairs, Maintenance and Supplies -			
Maintenance of streets	49	49	
Street signs and posts	1,746	1,926	(180)
Vehicle - gas and oil	650	736	(86)
Vehicle - maintenance	750	821	(71)
Tractor - gas and oil	1,300	1,407	(107)
Tractor - maintenance	1,500	1,638	(138)
Small tools and supplies	1,200	1,725	(525)
Miscellaneous supplies	2,517	2,763	(246)
Total Street Department	\$ 53,266	\$ 52,000	\$ 1,266

**VILLAGE OF MORGANZA, LOUISIANA
SCHEDULE OF OPERATING EXPENSES
PROPRIETARY FUND TYPE (ENTERPRISE FUND)
FOR THE YEAR ENDED JUNE 30, 1999
With Comparative Total for 1998**

	<u>1999</u>	<u>1998</u>
General and Administrative -		
Salaries and Benefits -		
Salary - superintendent	\$ 27,639	\$ 25,039
Salary - office	16,869	13,209
Group insurance	4,964	4,628
Unemployment compensation	78	38
Workers compensation	980	1,008
Social security and medicare	3,490	3,060
Purchased Professional Services -		
Professional fees - auditor	1,500	1,500
Professional fees - accounting	670	150
Other Purchased Services -		
Insurance	2,113	1,790
Telephone and paging		3
Printing	1,140	744
Travel	103	28
Continuing education	304	457
Dues	205	685
Repairs, Maintenance and Supplies -		
Vehicle - gas and oil	950	1,482
Truck maintenance	1,046	1,085
Equipment maintenance	41	136
Trencher maintenance	387	737
Radio maintenance	137	
Office supplies	527	880
Postage	1,191	1,257
Miscellaneous	522	359
Depreciation	1,669	1,551
	<u>\$ 66,525</u>	<u>\$ 59,826</u>
Natural Gas Department -		
Purchased Professional Services -		
Cathodic protection survey	\$ 4,074	
Leakage survey	640	
Drug testing	144	\$ 144
Utilities -		
Rectifier units	864	887
Other Purchased Services -		
Insurance	1,426	1,771
Repairs, Maintenance and Supplies -		
Natural gas purchases	59,991	93,717
Maintenance of meters	1,703	1,020
Maintenance of lines	3,014	1,408
Severance tax	348	348
Small tools and supplies	1,447	136
Captan	180	
Miscellaneous	112	1,800
Depreciation	4,281	4,281
	<u>\$ 78,224</u>	<u>\$ 105,512</u>

	<u>1999</u>	<u>1998</u>
Water Department -		
Utilities -		
Current used in pumping	\$ 4,955	\$ 4,809
Other Purchased Services -		
Insurance	972	1,208
Dues	87	723
Repairs, Maintenance and Supplies -		
Maintenance of pump house and plant	582	
Maintenance of sewer plant	2,869	978
Maintenance of pumping equipment	8	127
Maintenance of lines	4,649	3,308
Maintenance of water tower	1,274	504
Maintenance of chlorinator	1,179	
Monthly lease on monitor	4,101	3,420
Small tools and supplies	535	252
Chlorine	2,839	2,910
Miscellaneous	479	450
Depreciation	<u>23,137</u>	<u>22,443</u>
Total Water Department	<u>\$ 47,666</u>	<u>\$ 41,132</u>
Sewer Department -		
Purchased Professional Services -		
Compliance tests	\$ 1,420	\$ 1,445
Utilities -		
Current used in pumping	7,534	10,069
Repairs, Maintenance and Supplies -		
Maintenance of oxidation pond	10,200	9,350
Maintenance of pumping equipment	15	19
Maintenance of lines	1,330	1,777
Maintenance of lift stations		1,082
Small tools and supplies	266	666
Chlorine	6,125	6,844
Miscellaneous	801	26
Depreciation	<u>24,511</u>	<u>21,835</u>
Total Sewer Department	<u>\$ 52,202</u>	<u>\$ 53,113</u>

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VILLAGE OF MORGANZA, LOUISIANA
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 1999

Federal Grantor/ Pass-Through Grantor/ Program Name	CFDA Number	State Number	Federal Award	Total Expenditures
<i>U.S. Department of Housing and Urban Development</i>				
<i>Community Planning & Development</i>				
<i>CDBG/Small Cities Program</i>				
Louisiana Division of Administration				
Sewer Rehabilitation	14.219	<u>107 800259</u>	<u>\$ 394,612</u>	<u>\$ 357,865</u>

George F. Delaune

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

**The Honorable Charles Landry
and the Board of Aldermen
Village of Morganza, Louisiana**

I have audited the general-purpose financial statements of the **VILLAGE OF MORGANZA, LOUISIANA**, as of and for the year ended June 30, 1999, and have issued my report thereon dated November 25, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether the Village of Morganza's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Village of Morganza's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of management, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

George F. Delaune, CPA

November 25, 1999

George F. Delaune

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OFFICERS ASSOCIATION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

**The Honorable Charles Landry
and the Board of Aldermen
Village of Morganza, Louisiana**

Compliance

I have audited the compliance of the **VILLAGE OF MORGANZA, LOUISIANA** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. Village of Morganza's major federal programs are identified in the Supplemental Data schedule reported on page 32. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Village of Morganza's management. My responsibility is to express an opinion on Village of Morganza's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Village of Morganza's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Village of Morganza's compliance with those requirements.

In my opinion, the Village of Morganza complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the Village of Morganza is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Village of Morganza's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of management, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

George F. Delaune, CPA

November 25, 1999

**VILLAGE OF MORGANZA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999**

I have audited the financial statements of Village of Morganza, Louisiana as of and for the year ended June 30, 1999, and have issued my report thereon dated November 25, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 1999 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

1. Report on Internal Control and Compliance Material to the Financial Statements
 - a. No material weaknesses or reportable conditions were disclosed during the audit of the general purpose financial statements.
 - b. No instances of noncompliance material to the financial statements were disclosed during the audit of the general purpose financial statements.

2. Federal Awards
 - a. No material weaknesses or reportable conditions were disclosed during the audit of the federal financial awards.
 - b. An unqualified opinion was issued on compliance with major programs.
 - c. There were no findings to be reported in accordance with Circular A-133, Section .510(a).

3. Identification of Major Programs
 - a. CFDA #14.219 U.S. Department of Housing and Urban Development
Community Planning & Development CDBG/Small Cities
Program
 - b. Dollar threshold used to distinguish between Type A and Type Programs - \$300,000.
 - c. The auditee is a "low-risk" auditee, as defined by OMB Circular A-133.

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None