

RECEIVED  
LEGISLATIVE AUDITOR  
1999 DEC 30 AM 11:22

ORIGINAL  
FILE COPY  

---

DO NOT SEND OUT  

---

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

VILLAGE OF MORSE, LOUISIANA

FINANCIAL REPORT

JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditee, 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 2-16-00.

C O N T E N T S

	Exhibit	Page
INDEPENDENT AUDITOR'S REPORT	-	1 and 2
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)		
Combined balance sheet - all fund types and account groups	A	4 and 5
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	B	7
Combined statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual - all governmental fund types	C	8 and 9
Combined statement of revenues, expenses, and changes in retained earnings - all proprietary fund types	D	10
Combined statement of cash flows - all proprietary fund types	E	11
Notes to financial statements		12-21
SUPPLEMENTARY INFORMATION		
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS		
General Fund:		
Balance sheet	F-1	26
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	F-2	27
Statement of expenditures, compared to budget (GAAP basis)	F-3	28
Special Revenue Fund:		
Balance sheet	G-1	30
Statement of revenues, expenditures, and changes in fund balance	G-2	31
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	G-3	32
Capital Projects Funds:		
Combining balance sheet	H-1	34
Combining statement of revenues, expenditures, and changes in fund balances	H-2	35
Enterprise Funds:		
Combining balance sheet	I-1	38 and 39
Combining statement of revenues, expenses, and changes in retained earnings	I-2	40 and 41
Combining statement of cash flows	I-3	42
Schedule of cash receipts and disbursements - restricted accounts required by revenue bond ordinance	I-4	43

C O N T E N T S

	Exhibit	Page
General Fixed Asset Account Group:		
Statement of changes in general fixed assets	J-1	46
OTHER SUPPLEMENTARY INFORMATION		
	Schedule	
Schedule of per diem paid to mayor/aldermen	1	48
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	-	49 and 50
Schedule of findings and questioned costs	-	51 and 52
Schedule of prior year findings	-	53



# **BROUSSARD, POCHE', LEWIS & BREAUX, L.L.P.**

CERTIFIED PUBLIC ACCOUNTANTS

122 East 5th St.  
P.O. Drawer 307  
Crowley, Louisiana  
70527-0307  
phone: (318) 783-0650  
fax: (318) 783-7238

## INDEPENDENT AUDITOR'S REPORT

Lafayette, LA  
(318) 988-4930

Opelousas, LA  
(318) 942-5217

Abbeville, LA  
(318) 898-1497

New Iberia, LA  
(318) 364-4554

Church Point, LA  
(318) 684-2855

Eunice, LA  
(318) 457-0071

To the Mayor and Board of Aldermen  
Village of Morse, Louisiana

We have audited the accompanying general-purpose financial statements of the Village of Morse, 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 Morse, Louisiana's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our 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. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

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

Lawrence A. Cramer, CPA\*  
Eugene C. Gilder, CPA\*  
Donald W. Kelley, CPA\*  
Herbert Lemoine II, CPA\*  
Frank A. Stugno, CPA\*  
Scott J. Broussard, CPA\*  
J. Charles Abshire, CPA\*  
Kenneth R. Dugas, CPA\*  
P. John Blanchet III, CPA\*  
Stephen L. Lambousy, CPA\*  
Craig C. Bahameux, CPA\*  
Peter C. Barrella, CPA\*  
Michael P. Crochet, CPA\*  
George J. Truppey III, CPA\*  
Daniel E. Gilder, CPA\*  
Gregory B. Milton, CPA\*  
S. Scott Soileau, CPA\*  
Patrick D. McCarthy, CPA\*  
Martha B. Wyatt, CPA\*

### *Retired:*

Sidney L. Broussard, CPA 1980  
Leon K. Poche, CPA 1984  
James H. BreauX, CPA 1987  
Erno R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberly, CPA\* 1995  
Rodney L. Savoy, CPA\* 1996  
Larry G. Broussard, CPA\* 1996

*Members of American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants*

To the Mayor and the Board of Aldermen  
Village of Morse, Louisiana

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 1999, on our consideration of the Village of Morse, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Village of Morse, Louisiana, taken as a whole. The combining, individual fund, and individual account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the Village of Morse, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.

Crowley, Louisiana  
September 1, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS  
(Combined Statements - Overview)

VILLAGE OF MORSE, LOUISIANA

COMBINED BALANCE SHEET -  
ALL FUND TYPES AND ACCOUNT GROUPS  
June 30, 1999

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 212	\$ 11,124
Due from other funds	7,871	1,400
Other receivables	5,334	-
Due from other governmental agencies	2,208	2,030
Restricted assets:		
Cash and cash equivalents	-	-
Fixed assets (net of accumulated depreciation)	-	-
Total assets	<u>\$ 15,625</u>	<u>\$ 14,554</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 5,615	\$ 1,200
Due to other funds	-	-
Accrued liabilities	636	-
Revenue bonds payable	-	-
Payable from restricted assets:		
Revenue bonds payable - current portion	-	-
Accrued interest payable	-	-
Total liabilities	<u>\$ 6,251</u>	<u>\$ 1,200</u>
<b>FUND EQUITY</b>		
Contributed capital	\$ -	\$ -
Investment in general fixed assets	-	-
Retained earnings (deficit):		
Reserved for revenue bond retirement	-	-
Unreserved	-	-
Fund balances:		
Unreserved - undesignated	<u>9,374</u>	<u>13,354</u>
Total fund equity	<u>\$ 9,374</u>	<u>\$ 13,354</u>
Total liabilities and fund equity	<u>\$ 15,625</u>	<u>\$ 14,554</u>

See Notes to Financial Statements.

<u>Capital Projects Funds</u>	<u>Proprietary Fund Types Enterprise Funds</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
\$ 20	\$ 4,088	\$ -	\$ 15,444
-	10	-	9,281
-	-	-	5,334
-	-	-	4,238
-	44,155	-	44,155
<u>-</u>	<u>1,512,326</u>	<u>126,763</u>	<u>1,639,089</u>
<u>\$ 20</u>	<u>\$1,560,579</u>	<u>\$ 126,763</u>	<u>\$1,717,541</u>
\$ -	\$ -	\$ -	\$ 6,815
1,410	7,871	-	9,281
-	141	-	777
-	157,201	-	157,201
-	18,567	-	18,567
<u>-</u>	<u>5,859</u>	<u>-</u>	<u>5,859</u>
<u>\$ 1,410</u>	<u>\$ 189,639</u>	<u>\$ -</u>	<u>\$ 198,500</u>
\$ -	\$1,617,197	\$ -	\$1,617,197
-	-	126,763	126,763
-	19,729	-	19,729
-	(265,986)	-	(265,986)
<u>(1,390)</u>	<u>-</u>	<u>-</u>	<u>21,338</u>
<u>\$ (1,390)</u>	<u>\$1,370,940</u>	<u>\$ 126,763</u>	<u>\$1,519,041</u>
<u>\$ 20</u>	<u>\$1,560,579</u>	<u>\$ 126,763</u>	<u>\$1,717,541</u>



This page is intentionally left blank.

## VILLAGE OF MORSE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUND TYPES  
Year Ended June 30, 1999

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>	<u>Total (Memorandum Only)</u>
<b>Revenues:</b>				
Taxes	\$ 45,850	\$ 29,856	\$ -	\$ 75,706
Licenses and permits	19,381	-	-	19,381
Intergovernmental	9,319	-	269,387	278,706
Fines and forfeitures	1,810	-	-	1,810
Miscellaneous	<u>3,088</u>	<u>-</u>	<u>-</u>	<u>3,088</u>
Total revenues	<u>\$ 79,448</u>	<u>\$ 29,856</u>	<u>\$269,387</u>	<u>\$378,691</u>
<b>Expenditures:</b>				
Current -				
General government	\$ 72,073	\$ -	\$ -	\$ 72,073
Public safety	1,636	-	-	1,636
Public works	4,087	19,549	-	23,636
Capital outlay	<u>1,311</u>	<u>12,066</u>	<u>270,787</u>	<u>284,164</u>
Total expenditures	<u>\$ 79,107</u>	<u>\$ 31,615</u>	<u>\$270,787</u>	<u>\$381,509</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 341</u>	<u>\$ (1,759)</u>	<u>\$ (1,400)</u>	<u>\$ (2,818)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	\$ -	\$ -	\$ 10	\$ 10
Operating transfers out	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>(10)</u>
Total other financing sources (uses)	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 331	\$ (1,759)	\$ (1,390)	\$ (2,818)
Fund balances, beginning	<u>9,043</u>	<u>15,113</u>	<u>-</u>	<u>24,156</u>
Fund balances, ending	<u>\$ 9,374</u>	<u>\$ 13,354</u>	<u>\$ (1,390)</u>	<u>\$ 21,338</u>

See Notes to Financial Statements.

VILLAGE OF MORSE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -  
ALL GOVERNMENTAL FUND TYPES  
Year Ended June 30, 1999

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 29,900	\$ 45,850	\$ 15,950
Licenses and permits	20,750	19,381	(1,369)
Intergovernmental	7,400	9,319	1,919
Fines and forfeitures	3,150	1,810	(1,340)
Miscellaneous	<u>4,700</u>	<u>3,088</u>	<u>(1,612)</u>
Total revenues	<u>\$ 65,900</u>	<u>\$ 79,448</u>	<u>\$ 13,548</u>
Expenditures:			
Current -			
General government	\$ 56,420	\$ 72,073	\$(15,653)
Public safety	2,980	1,636	1,344
Public works	4,800	4,087	713
Culture and recreation	700	-	700
Capital outlay	<u>1,000</u>	<u>1,311</u>	<u>(311)</u>
Total expenditures	<u>\$ 65,900</u>	<u>\$ 79,107</u>	<u>\$ (13,207)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ 341</u>	<u>\$ 341</u>
Other financing sources (uses):			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	<u>-</u>	<u>(10)</u>	<u>(10)</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (10)</u>	<u>\$ (10)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 331	\$ 331
Fund balances, beginning	<u>14,069</u>	<u>9,043</u>	<u>(5,026)</u>
Fund balances, ending	<u>\$ 14,069</u>	<u>\$ 9,374</u>	<u>\$ (4,695)</u>

See Notes to Financial Statements.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ 25,000	\$ 29,856	\$ 4,856
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 25,000</u>	<u>\$ 29,856</u>	<u>\$ 4,856</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	19,549	(19,549)
<u>25,000</u>	<u>12,066</u>	<u>12,934</u>
<u>\$ 25,000</u>	<u>\$ 31,615</u>	<u>\$ (6,615)</u>
<u>\$ -</u>	<u>\$ (1,759)</u>	<u>\$ (1,759)</u>
\$ -	\$ -	\$ -
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (1,759)	\$ (1,759)
<u>7,559</u>	<u>15,113</u>	<u>7,554</u>
<u>\$ 7,559</u>	<u>\$ 13,354</u>	<u>\$ 5,795</u>

## VILLAGE OF MORSE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
 Year Ended June 30, 1999

	<u>Enterprise Funds</u>
Operating revenues:	
Charges for services	\$ 79,830
Miscellaneous	<u>60</u>
Total operating revenues	<u>\$ 79,890</u>
Operating expenses:	
Salaries and wages	\$ 16,084
Payroll taxes	1,268
Plant supplies	3,898
Office supplies	294
Depreciation	49,937
Utilities	12,552
Repairs and maintenance	9,501
Professional fees	4,919
Chemicals and testing	7,241
Miscellaneous	<u>1,663</u>
Total operating expenses	<u>\$ 107,357</u>
Operating loss	<u>\$ (27,467)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 717
Interest expense	<u>(9,545)</u>
Total nonoperating revenues (expenses)	<u>\$ (8,828)</u>
Net loss	\$ (36,295)
Retained earnings (deficit), beginning	<u>(209,962)</u>
Retained earnings (deficit), ending	<u>\$ (246,257)</u>
 See Notes to Financial Statements.	

## VILLAGE OF MORSE, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES  
Year Ended June 30, 1999

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating loss	\$(27,467)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	49,937
Change in assets and liabilities:	
Decrease in accounts receivable	1,980
Increase in other receivables	(10)
Decrease in other payables	<u>(1,486)</u>
Net cash provided by operating activities	<u>\$ 22,954</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Retirements of bonds	\$(17,677)
Interest paid on bonds	<u>(9,754)</u>
Net cash used by capital and related financing activities	<u>\$(27,431)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on cash and cash equivalents	<u>\$ 717</u>
Net decrease in cash and cash equivalents	\$ (3,760)
Cash and cash equivalents, beginning of year	<u>52,003</u>
Cash and cash equivalents, end of year	<u>\$ 48,243</u>

See Notes to Financial Statements.

VILLAGE OF MORSE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The Village of Morse was incorporated March 27, 1906, under the provisions of Section 11 of Louisiana Act No. 136. The Village operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, health, recreation, public improvements, planning and zoning, and general administrative services. The general-purpose financial statements of the Village of Morse 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. The more significant accounting policies of the Village are described below:

Basis of presentation - fund accounting:

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities. The various funds are summarized by the type and grouped in the financial statements of this report as follows:

Governmental Funds

General Fund:

The general fund is the general operating fund of the Village and accounts for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the general fund.

Special Revenue Fund:

The special revenue fund is used to account for the proceeds of specific revenue resources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.



VILLAGE OF MORSE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

Capital Projects Funds:

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by propriety and trust funds.

Proprietary Funds

Enterprise Funds:

The 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.

Proprietary funds are reported in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the Village have elected not to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

Account Group

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. The account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.



VILLAGE OF MORSE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

General Fixed Assets Account Group:

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the governmental funds. General fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized with general fixed assets. In accordance with generally accepted accounting principles, no provision is made for depreciation of such assets in the general fixed assets account group.

All fixed assets are stated on the basis of historical cost. Assets acquired through gifts or donations are recorded at their estimated fair value at time of donation.

Depreciation of all exhaustible fixed assets used by proprietary fund types is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund type balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Plant facilities	10-50 years
Lines	50 years
Equipment	10-12 years

Basis of accounting - measurement focus:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements; measurement focus refers to what is being measured. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental funds use a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spending resources." Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period. The modified accrual basis of accounting is utilized by the governmental fund types. Their revenues are recognized when susceptible to accrual, i.e., when they become 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. Taxpayer-

VILLAGE OF MORSE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued because they do not vest or accumulate; and (2) principal and interest on general long-term debt which is recognized when due.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Propriety fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The accrual basis of accounting is utilized by the proprietary fund types. Under this basis of accounting revenues are recognized when earned and expenses are recognized when the related liability is incurred.

Budgets and budgetary accounting:

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is then legally enacted through passage of an ordinance. Budget amounts shown in this report are as originally adopted or amended by the Village in open meeting.
3. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All budget appropriations lapse at year-end. Expenditures may not legally exceed budgeted appropriations by more than five percent at the fund level.

VILLAGE OF MORSE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 1999, the Village's actual expenditures exceeded budgeted expenditures by 20%, 26%, 98%, and 23% in the General, Special Revenue (Sales Tax), Water Utility, and Sewer Utility Funds, respectively. Louisiana Revised Statute (LSA-R.S.) 39:1310 requires that a budget be amended if actual expenditures exceed budgeted expenditures by 5 percent or more.

Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the Village.

Cash and cash equivalents:

For purposes of reporting cash flows, the Village considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

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.

Use of estimates:

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

Interfund receivables and payables:

Short-term amounts owed between funds are classified as "Due to/from other funds."

VILLAGE OF MORSE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Transactions between funds:

Legally authorized transfers are treated as operating transfers and are included in the results of operations.

Note 2. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable by December 31. The Village bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

The Village currently levies taxes at seven mills on the dollar of assessed valuation of property for general corporate purposes.

Note 3. Due from Other Governmental Agencies

As of June 30, 1999, the amount due from other governmental agencies in the General Fund of \$2,208 represents amounts due from the Louisiana State Department of Revenue for beer tax of \$448, tobacco tax of \$1,057, and video poker tax of \$703. The amount due from the other governmental agencies in the Special Revenue Fund represents sales taxes receivable of \$2,030 due from the Acadia Parish School Board.

Note 4. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance, July 1, <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>1999</u>
Land	\$ 3,000	\$ 53,031	\$ -	\$ 56,031
Buildings	601	-	-	601
Equipment	53,206	5,923	-	59,129
Improvements other than buildings	<u>10,000</u>	<u>1,002</u>	<u>-</u>	<u>11,002</u>
Total general fixed asstes	<u>\$ 66,807</u>	<u>\$ 59,956</u>	<u>\$ -</u>	<u>\$126,763</u>



VILLAGE OF MORSE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 5. Proprietary Fund Type Fixed Assets

A summary of proprietary fund type property, plant, and equipment at June 30, 1999, follows:

	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
Land	\$ 13,000	\$ 40,350	\$ 53,350
Water wells	65,881	-	65,881
Water tanks	221,270	-	221,270
Sewer treatment facility	-	468,040	468,040
Distribution system	487,088	798,257	1,285,345
Other equipment	<u>15,501</u>	<u>-</u>	<u>15,501</u>
Total property, plant, and equipment	\$ 802,740	\$1,306,647	\$2,109,387
Less: accumulated depreciation	<u>(232,049)</u>	<u>(365,012)</u>	<u>(597,061)</u>
Net property, plant, and equipment	<u>\$ 570,691</u>	<u>\$ 941,635</u>	<u>\$1,512,326</u>

Note 6. Proprietary Fund Type Long-Term Debt

A summary of proprietary fund type long-term debt for the year ended June 30, 1999, follows:

	<u>Revenue Bonds Payable</u>
Balance at June 30, 1998	\$193,445
Retirement of bonds	<u>(17,677)</u>
Balance at June 30, 1999	<u>\$175,768</u>

Bonds payable at June 30, 1999, consist of the following:

\$370,000 Sewer Utility Revenue Bonds issued November 17, 1981, due in annual installments of \$27,431 through November 17, 2006; at an interest rate of 5.00%. The debt will be retired from excess annual sewer usage fee revenues.

\$175,768

VILLAGE OF MORSE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$42,061 are as follows:

Year Ending <u>June 30,</u>	Enterprise <u>Fund Debt</u>
2000	\$ 27,431
2001	27,431
2002	27,431
2003	27,431
2004	27,431
Thereafter	<u>80,674</u>
Total	<u>\$217,829</u>

Under the terms of various bond indentures on outstanding Sewer Utility Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from the operation of the utilities system are pledged and dedicated to the retirement of said bonds and are to be deposited in accounts as indicated below:

All revenue must be deposited into a revenue account. The revenue account must transfer from time to time amounts into the maintenance and operation account that are sufficient to pay the cost of maintaining and operating the utility system.

After transferring the required amounts into the maintenance and operation account, the revenue account must transfer monthly to the bond and interest sinking account an amount equal to one-twelfth of the interest and one-twelfth of the principal falling due on their next respective payment date. Money so accumulated is to pay for currently maturing principal and interest.

After the above requirements are met, the revenue account must transfer monthly on or before the 20th day of each month of each year as long as the system is revenue producing, a sum equal to 5% of the monthly payment of the Sewer Utility Revenue Bonds into the bond reserve account. The payments are to continue until such time as there has been accumulated therein a sum equal to the highest combined principal and interest requirement in any succeeding fiscal year on the outstanding principal of the bond.

After all required payments above have been met, the revenue account must transfer \$115 into the depreciation and contingencies account. The first monthly payment is to be made by the 20th day of the first full month following completion of the sewer system and by the 20th day of each month thereafter. The money in the depreciation and contingencies account shall

VILLAGE OF MORSE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

be used first to pay currently maturing principal and interest for which there is insufficient money in the revenue or bond reserve accounts and secondly for making replacements, improvements, or extensions to the system. Any deficiencies in the depreciation and contingencies account shall be made up from money in the revenue account whenever such money is not needed for maintenance and operation or payment of current principal, interest, and reserve account requirements.

The required and current balances of the above accounts at June 30, 1999, are as follows:

	<u>Required</u>	<u>Actual</u>	<u>Excess (Deficiency)</u>
Bond and interest sinking account	\$ 16,002	\$ 16,467	\$ 465
Bond reserve account	15,846	12,739	(3,107)
Depreciation and contingencies account	<u>15,985</u>	<u>14,949</u>	<u>(1,036)</u>
Totals	<u>\$ 47,833</u>	<u>\$ 44,155</u>	<u>\$ (3,678)</u>

Note 7. Deficit Fund Balance/Retained Earnings

The Water and Sewer Utility Funds have deficit retained earnings balances at June 30, 1999, of \$112,275 and \$133,982, respectively. The Village plans to eliminate these deficits through excess water and sewer usage fees.

The 1998-1999 LCDBG Street Fund has a deficit fund balance at June 30, 1999, of \$1,390. The Village plans to eliminate this deficit through grant revenues collected.

Note 8. Dedication of Sales Tax Proceeds

Proceeds of the 1% sales and use tax are dedicated to the following purposes:

1. Constructing, acquiring, extending, improving, and/or maintaining drainage facilities, streets, and sidewalks.
2. Collection and disposal of refuse.
3. Purchasing and acquiring equipment and furnishings for the aforesaid public works.
4. Improvements and facilities, title to which improvements shall be in the public.
5. For any one or more of said purposes.

VILLAGE OF MORSE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

Note 9. Enterprise Funds Operations

The operations of the individual funds which comprise the total combined enterprise funds operations are summarized as follows:

	Water <u>Utility Fund</u>	Sewer <u>Utility Fund</u>	<u>Total</u>
Operating revenues	\$ 25,641	\$ 54,249	\$ 79,890
Operating expenses including depreciation expense of \$20,688 for water and \$29,249 for sewer	<u>49,771</u>	<u>57,586</u>	<u>107,357</u>
Operating loss	\$ (24,130)	\$ (3,337)	\$ (27,467)
Nonoperating items:			
Revenues (expenses)	<u>-</u>	<u>(8,828)</u>	<u>(8,828)</u>
Net loss	<u>\$ (24,130)</u>	<u>\$ (12,165)</u>	<u>\$ (36,295)</u>
Net working capital (current assets less current liabilities)	<u>\$ (1,152)</u>	<u>\$ 16,967</u>	<u>\$ 15,815</u>
Total assets	<u>\$ 571,997</u>	<u>\$ 988,582</u>	<u>\$1,560,579</u>
Total equity	<u>\$ 569,539</u>	<u>\$ 801,401</u>	<u>\$1,370,940</u>

Note 10. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include cash and savings deposits. The Village may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of state banks having their principal office in the State of Louisiana, or any other federally insured investment. The Village may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. At year-end, the carrying amount of the Village's deposit was \$61,243 and the respective bank balances totaled \$59,499. Bank deposits at June 30, 1999, were fully secured by Federal Depository Insurance Corporation (FDIC) coverage.



VILLAGE OF MORSE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 11. Individual Fund Disclosures

Generally accepted accounting principles require disclosure, as part of the Combined Statements - Overview, of certain information concerning individual funds including individual fund interfund receivable and payable balances. The following is a summary of such balances at June 30, 1999:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 7,871	\$ -
Special Revenue Fund:		
Sales Tax Fund	1,400	-
Capital Projects Funds:		
LCDBG Water Fund	-	1,400
LCDBG Street Fund	-	10
Enterprise Funds:		
Water Utility Fund	10	2,351
Sewer Utility Fund	-	5,520
Totals	<u>\$ 9,281</u>	<u>\$ 9,281</u>

Note 12. Retirement

Substantially all employees of the Village of Morse, except for the police chief, are members of the federal Social Security System. The police chief is a member of the Municipal Police Employees' Retirement System.

Plan description:

The Municipal Police Employees' Retirement System (the System) is a cost-sharing multiple-employer public employee retirement system (PERS).

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing they do not have to pay social security and providing they meet the statutory criteria. Employees who retire at or after age 50 with at least 20 years of credited service, or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

VILLAGE OF MORSE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

The Municipal Police Employees' Retirement System issues a publicly available report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Suite 270, Baton Rouge, Louisiana 70809-7017.

Funding policy:

Plan members are required to contribute 7.50% of their annual covered salary and the Village is required to contribute 9.00% as established by state statute. The Village's contributions to the System were \$392 and \$618 for the years ended June 30, 1999 and 1998, respectively, which equals the required contributions for each year.

Note 13. Compensated Absences

The Village has no policy relating to compensated absences and only a few regular employees. The compensated absences are not material to the financial statements as a whole and therefore not accrued.

Note 14. Interfund Transfers

Interfund transfers for the year ended June 30, 1999, are as follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ -	\$ 10
Capital Projects Fund:		
LCDBG Street Fund	<u>10</u>	<u>-</u>
Totals	<u>\$ 10</u>	<u>\$ 10</u>

Note 15. Year 2000 Issue

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Village of Morse is in the awareness stage. Once this stage is complete, assessment, remediation, validation, and testing will be required.

VILLAGE OF MORSE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Village is or will be year 2000 ready, that the Village's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be year 2000 ready.

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VILLAGE OF MORSE, LOUISIANA  
GENERAL FUND

BALANCE SHEET  
June 30, 1999

## ASSETS

Cash and cash equivalents	\$ 212
Due from other funds	7,871
Other receivables	5,334
Due from other governmental agencies	<u>2,208</u>
Total assets	<u>\$ 15,625</u>

## LIABILITIES AND FUND BALANCE

## LIABILITIES:

Accounts payable	\$ 5,615
Accrued liabilities	<u>636</u>

Total liabilities	\$ 6,251
-------------------	----------

## FUND BALANCE:

Unreserved - undesignated	<u>9,374</u>
---------------------------	--------------

Total liabilities and fund balance	<u>\$ 15,625</u>
------------------------------------	------------------

VILLAGE OF MORSE, LOUISIANA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
Revenues:			
Taxes -			
Franchise	\$ 24,000	\$ 38,942	\$ 14,942
Ad valorem	<u>5,900</u>	<u>6,908</u>	<u>1,008</u>
Total taxes	<u>\$ 29,900</u>	<u>\$ 45,850</u>	<u>\$ 15,950</u>
Licenses and permits	<u>\$ 20,750</u>	<u>\$ 19,381</u>	<u>\$ (1,369)</u>
Intergovernmental -			
Beer tax	\$ 1,100	\$ 1,792	\$ 692
Tobacco tax	3,500	4,228	728
Video poker tax	<u>2,800</u>	<u>3,299</u>	<u>499</u>
Total intergovernmental	<u>\$ 7,400</u>	<u>\$ 9,319</u>	<u>\$ 1,919</u>
Fines and forfeitures	<u>\$ 3,150</u>	<u>\$ 1,810</u>	<u>\$ (1,340)</u>
Miscellaneous -			
Oil lease royalties	4,700	2,485	(2,215)
Other	<u>-</u>	<u>603</u>	<u>603</u>
Total miscellaneous	<u>\$ 4,700</u>	<u>\$ 3,088</u>	<u>\$ (1,612)</u>
Total revenues	<u>\$ 65,900</u>	<u>\$ 79,448</u>	<u>\$ 13,548</u>
Expenditures:			
Current -			
General government	\$ 56,420	\$ 72,073	\$ (15,653)
Public safety	2,980	1,636	1,344
Public works	4,800	4,087	713
Culture and recreation	700	-	700
Capital outlay	<u>1,000</u>	<u>1,311</u>	<u>(311)</u>
Total expenditures	<u>\$ 65,900</u>	<u>\$ 79,107</u>	<u>\$ (13,207)</u>
Excess of revenues over expenditures	\$ -	\$ 341	\$ 341
Other financing uses:			
Operating transfers out	<u>-</u>	<u>(10)</u>	<u>(10)</u>
Excess of revenues over expenditures and other financing uses	\$ -	\$ 331	\$ 331
Fund balances, beginning	<u>14,069</u>	<u>9,043</u>	<u>(5,026)</u>
Fund balances, ending	<u>\$ 14,069</u>	<u>\$ 9,374</u>	<u>\$ (4,695)</u>

VILLAGE OF MORSE, LOUISIANA  
GENERAL FUND

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)  
Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
Current:			
General government -			
Salaries and contract labor	\$ 14,220	\$ 26,756	\$ (12,536)
Payroll taxes	600	2,157	(1,557)
Office supplies	1,800	2,817	(1,017)
Utilities	13,000	12,689	311
Per diems	-	1,120	(1,120)
Professional fees	9,000	7,592	1,408
Court reporting	200	121	79
Repairs and maintenance	4,500	5,337	(837)
Insurance	10,300	11,567	(1,267)
Dues and memberships	300	1,231	(931)
Publications	400	-	400
Miscellaneous	<u>2,100</u>	<u>686</u>	<u>1,414</u>
Total general government	<u>\$ 56,420</u>	<u>\$ 72,073</u>	<u>\$ (15,653)</u>
Public safety -			
Police department:			
Salaries	\$ 180	\$ -	\$ 180
Retirement	600	392	208
Fuel	1,200	-	1,200
Repairs and maintenance	<u>1,000</u>	<u>1,244</u>	<u>(244)</u>
Total public safety	<u>\$ 2,980</u>	<u>\$ 1,636</u>	<u>\$ 1,344</u>
Public works -			
Streets and drainage:			
Fuel	\$ 2,800	\$ 2,613	\$ 187
Supplies	<u>2,000</u>	<u>1,474</u>	<u>526</u>
Total public works	<u>\$ 4,800</u>	<u>\$ 4,087</u>	<u>\$ 713</u>
Culture and recreation -			
Insurance	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ 700</u>
Capital outlay	<u>\$ 1,000</u>	<u>\$ 1,311</u>	<u>\$ (311)</u>
Total expenditures	<u>\$ 65,900</u>	<u>\$ 79,107</u>	<u>\$ (13,207)</u>

SPECIAL REVENUE FUND

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Village has one special revenue fund as follows:

SALES TAX FUND - to account for the collection and disbursement of the Village's one percent sales and use tax.



VILLAGE OF MORSE, LOUISIANA  
SPECIAL REVENUE FUND  
SALES TAX FUNDBALANCE SHEET  
June 30, 1999

## ASSETS

Cash and cash equivalents	\$ 11,124
Due from other funds	1,400
Due from other governmental agencies	<u>2,030</u>
Total assets	<u>\$ 14,554</u>

## LIABILITIES AND FUND BALANCE

LIABILITIES	
Accounts payable	\$ 1,200
FUND BALANCE	
Unreserved - undesignated	<u>13,354</u>
Total liabilities and fund balance	<u>\$ 14,554</u>

VILLAGE OF MORSE, LOUISIANA  
SPECIAL REVENUE FUND  
SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
Year Ended June 30, 1999

Revenues:	
Taxes	<u>\$ 29,856</u>
Expenditures:	
Current -	
Public works	\$ 19,549
Capital outlay	<u>12,066</u>
Total expenditures	<u>\$ 31,615</u>
Deficiency of revenues over expenditures	\$ (1,759)
Fund balance, beginning	<u>15,113</u>
Fund balance, ending	<u>\$ 13,354</u>

VILLAGE OF MORSE, LOUISIANA  
 SPECIAL REVENUE FUND  
 SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
Revenues:			
Taxes	\$ <u>25,000</u>	\$ <u>29,856</u>	\$ <u>4,856</u>
Expenditures:			
Current -			
Public works	\$ -	\$ 19,549	\$ (19,549)
Capital outlay	<u>25,000</u>	<u>12,066</u>	<u>12,934</u>
Total expenditures	<u>\$ 25,000</u>	<u>\$ 31,615</u>	<u>\$ (6,615)</u>
Deficiency of revenues over expenditures	\$ -	\$ (1,759)	\$ (1,759)
Fund balance, beginning	<u>7,559</u>	<u>15,113</u>	<u>7,554</u>
Fund balance, ending	<u>\$ 7,559</u>	<u>\$ 13,354</u>	<u>\$ 5,795</u>

#### CAPITAL PROJECTS FUNDS

To account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary and trust funds. The Village has two capital projects funds as follows:

1996-1997 LOUISIANA COMMUNITY DEVELOPMENT BLOCK GRANT - WATER SYSTEM IMPROVEMENTS FUND - to account for the collection and disbursement of federal funds used for Village water system improvements.

1998-1999 LOUISIANA COMMUNITY DEVELOPMENT BLOCK GRANT - STREET IMPROVEMENTS FUND - to account for the collection and disbursement of federal funds used for Village street improvements.

VILLAGE OF MORSE, LOUISIANA  
ALL CAPITAL PROJECTS FUND

COMBINING BALANCE SHEET  
June 30, 1999

ASSETS	1996-1997 LCDBG <u>Water Fund</u>	1998-1999 LCDBG <u>Street Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ <u>10</u>	\$ <u>10</u>	\$ <u>20</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other funds	\$ 10	\$ 1,400	\$ 1,410
FUND BALANCE			
Unreserved - undesignated	<u>-</u>	<u>(1,390)</u>	<u>(1,390)</u>
Total liabilities and fund balance	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 20</u>

VILLAGE OF MORSE, LOUISIANA  
ALL CAPITAL PROJECTS FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
Year Ended June 30, 1999

	1996-1997 LCDBG <u>Water Fund</u>	1998-1999 LCDBG <u>Street Fund</u>	<u>Total</u>
Revenues:			
Intergovernmental	\$269,387	\$ -	\$269,387
Expenditures:			
Capital outlay	<u>269,387</u>	<u>1,400</u>	<u>270,787</u>
Deficiency of revenues over expenditures	\$ -	\$ (1,400)	\$ (1,400)
Other financing sources:			
Operating transfers in	<u>-</u>	<u>10</u>	<u>10</u>
Deficiency of revenues and other financing sources over expenditures	\$ -	\$ (1,390)	\$ (1,390)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ (1,390)</u>	<u>\$ (1,390)</u>

This page is intentionally left blank.

## ENTERPRISE FUNDS

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 has two enterprise funds as follows:

WATER UTILITY FUND - to account for the provision of water services to the 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.

SEWER UTILITY FUND - To account for the provision of sewer services to the 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 MORSE, LOUISIANA  
ALL ENTERPRISE FUNDS

COMBINING BALANCE SHEET  
June 30, 1999

ASSETS	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,296	\$ 2,792	\$ 4,088
Due from other funds	<u>10</u>	<u>-</u>	<u>10</u>
Total current assets	<u>\$ 1,306</u>	<u>\$ 2,792</u>	<u>\$ 4,098</u>
RESTRICTED ASSETS			
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 44,155</u>	<u>\$ 44,155</u>
PROPERTY, PLANT, AND EQUIPMENT			
Property, plant, and equipment	\$ 802,740	\$1,306,647	\$2,109,387
Accumulated depreciation	<u>(232,049)</u>	<u>(365,012)</u>	<u>(597,061)</u>
Total property, plant, and equipment	<u>\$ 570,691</u>	<u>\$ 941,635</u>	<u>\$1,512,326</u>
Total assets	<u>\$ 571,997</u>	<u>\$ 988,582</u>	<u>\$1,560,579</u>

LIABILITIES AND FUND EQUITY	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
CURRENT LIABILITIES (payable from current assets)			
Due to other funds	\$ 2,351	\$ 5,520	\$ 7,871
Accrued liabilities	<u>107</u>	<u>34</u>	<u>141</u>
Total current liabilities (payable from current assets)	<u>\$ 2,458</u>	<u>\$ 5,554</u>	<u>\$ 8,012</u>
CURRENT LIABILITIES (payable from restricted assets)			
Revenue bonds payable - current portion	\$ -	\$ 18,567	\$ 18,567
Accrued interest payable	<u>-</u>	<u>5,859</u>	<u>5,859</u>
Total current liabilities (payable from restricted assets)	<u>\$ -</u>	<u>\$ 24,426</u>	<u>\$ 24,426</u>
Total current liabilities	<u>\$ 2,458</u>	<u>\$ 29,980</u>	<u>\$ 32,438</u>
OTHER LIABILITIES			
Revenue bonds payable	<u>\$ -</u>	<u>\$ 157,201</u>	<u>\$ 157,201</u>
Total liabilities	<u>\$ 2,458</u>	<u>\$ 187,181</u>	<u>\$ 189,639</u>
FUND EQUITY			
Contributed capital	\$ 681,814	\$ 935,383	\$1,617,197
Retained earnings (deficit):			
Reserved for revenue bond retirement	-	19,729	19,729
Unreserved	<u>(112,275)</u>	<u>(153,711)</u>	<u>(265,986)</u>
Total fund equity	<u>\$ 569,539</u>	<u>\$ 801,401</u>	<u>\$1,370,940</u>
Total liabilities and fund equity	<u>\$ 571,997</u>	<u>\$ 988,582</u>	<u>\$1,560,579</u>

VILLAGE OF MORSE, LOUISIANA  
ALL ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS  
Year Ended June 30, 1999

	<u>Water Utility Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Operating revenues:			
Charges for services	\$ 25,000	\$ 25,601	\$ 601
Miscellaneous	<u>          -</u>	<u>          40</u>	<u>          40</u>
Total operating revenues	<u>\$ 25,000</u>	<u>\$ 25,641</u>	<u>\$ 641</u>
Operating expenses:			
Salaries and wages	\$ 6,000	\$ 8,089	\$ (2,089)
Payroll taxes	500	678	(178)
Plant supplies	1,225	2,075	(850)
Office supplies	-	182	(182)
Depreciation	5,700	20,688	(14,988)
Utilities	6,000	5,160	840
Repairs and maintenance	3,500	3,620	(120)
Professional fees	850	2,619	(1,769)
Chemicals and testing	-	5,497	(5,497)
Miscellaneous	<u>1,300</u>	<u>1,163</u>	<u>137</u>
Total operating expenses	<u>\$ 25,075</u>	<u>\$ 49,771</u>	<u>\$ (24,696)</u>
Operating income (loss)	<u>\$ (75)</u>	<u>\$ (24,130)</u>	<u>\$ (24,055)</u>
Nonoperating revenues (expenses):			
Interest income	\$ 75	\$ -	\$ (75)
Interest expense	<u>          -</u>	<u>          -</u>	<u>          -</u>
Total nonoperating revenues (expenses)	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ (75)</u>
Net income (loss)	\$ -	\$ (24,130)	\$ (24,130)
Retained earnings (deficit), beginning	<u>(49,306)</u>	<u>(88,145)</u>	<u>(38,839)</u>
Retained earnings (deficit), ending	<u>\$ (49,306)</u>	<u>\$ (112,275)</u>	<u>\$ (62,969)</u>

<u>Sewer Utility Fund</u>			<u>Total</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ 54,000	\$ 54,229	\$ 229	\$ 79,000	\$ 79,830	\$ 830
-	20	20	-	60	60
<u>\$ 54,000</u>	<u>\$ 54,249</u>	<u>\$ 249</u>	<u>\$ 79,000</u>	<u>\$ 79,890</u>	<u>\$ 890</u>
\$ 6,000	\$ 7,995	\$ (1,995)	\$ 12,000	\$ 16,084	\$ (4,084)
400	590	(190)	900	1,268	(368)
1,800	1,823	(23)	3,025	3,898	(873)
100	112	(12)	100	294	(194)
21,500	29,249	(7,749)	27,200	49,937	(22,737)
8,200	7,392	808	14,200	12,552	1,648
2,000	5,881	(3,881)	5,500	9,501	(4,001)
1,500	2,300	(800)	2,350	4,919	(2,569)
1,550	1,744	(194)	1,550	7,241	(5,691)
450	500	(50)	1,750	1,663	87
<u>\$ 43,500</u>	<u>\$ 57,586</u>	<u>\$ (14,086)</u>	<u>\$ 68,575</u>	<u>\$ 107,357</u>	<u>\$ (38,782)</u>
<u>\$ 10,500</u>	<u>\$ (3,337)</u>	<u>\$ (13,837)</u>	<u>\$ 10,425</u>	<u>\$ (27,467)</u>	<u>\$ (37,892)</u>
\$ 500	\$ 717	\$ 217	\$ 575	\$ 717	\$ 142
<u>(11,000)</u>	<u>(9,545)</u>	<u>1,455</u>	<u>(11,000)</u>	<u>(9,545)</u>	<u>1,455</u>
<u>\$ (10,500)</u>	<u>\$ (8,828)</u>	<u>\$ 1,672</u>	<u>\$ (10,425)</u>	<u>\$ (8,828)</u>	<u>\$ 1,597</u>
\$ -	\$ (12,165)	\$ (12,165)	\$ -	\$ (36,295)	\$ (36,295)
<u>(111,264)</u>	<u>(121,817)</u>	<u>(10,553)</u>	<u>(160,570)</u>	<u>(209,962)</u>	<u>(49,392)</u>
<u><u>\$ (111,264)</u></u>	<u><u>\$ (133,982)</u></u>	<u><u>\$ (22,718)</u></u>	<u><u>\$ (160,570)</u></u>	<u><u>\$ (246,257)</u></u>	<u><u>\$ (85,687)</u></u>

VILLAGE OF MORSE, LOUISIANA  
ALL ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 1999

	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating loss	\$(24,130)	\$ (3,337)	\$(27,467)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	20,688	29,249	49,937
Change in assets and liabilities:			
Decrease in accounts receivable	634	1,346	1,980
Increase in other receivables	(10)	-	(10)
Decrease in other payables	<u>(453)</u>	<u>(1,033)</u>	<u>(1,486)</u>
Net cash provided (used) by operating activities	<u>\$ (3,271)</u>	<u>\$ 26,225</u>	<u>\$ 22,954</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Retirement of bonds	\$ -	\$ (17,677)	\$ (17,677)
Interest paid on bonds	<u>-</u>	<u>(9,754)</u>	<u>(9,754)</u>
Net cash used by capital and related financing activities	<u>\$ -</u>	<u>\$ (27,431)</u>	<u>\$ (27,431)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on cash and cash equivalents	<u>\$ -</u>	<u>\$ 717</u>	<u>\$ 717</u>
Net decrease in cash and cash equivalents	\$ (3,271)	\$ (489)	\$ (3,760)
Cash and cash equivalents, beginning of year	<u>4,567</u>	<u>47,436</u>	<u>52,003</u>
Cash and cash equivalents, end of year	<u>\$ 1,296</u>	<u>\$ 46,947</u>	<u>\$ 48,243</u>

VILLAGE OF MORSE, LOUISIANA  
ENTERPRISE FUNDS

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - RESTRICTED ACCOUNTS  
REQUIRED BY REVENUE BOND ORDINANCE  
Year Ended June 30, 1999

	<u>Sewer Utility Fund</u>			
	<u>Bond and Interest Sinking Account</u>	<u>Bond Reserve Account</u>	<u>Depreciation and Contingencies Account</u>	<u>Total</u>
Beginning cash and cash equivalents	<u>\$ 18,598</u>	<u>\$ 11,031</u>	<u>\$ 13,180</u>	<u>\$ 42,809</u>
Cash receipts:				
Transfers from operating account	\$ 25,300	\$ 1,380	\$ 1,380	\$ 28,060
Interest received	<u>          -</u>	<u>          328</u>	<u>          389</u>	<u>          717</u>
Total cash receipts	<u>\$ 25,300</u>	<u>\$ 1,708</u>	<u>\$ 1,769</u>	<u>\$ 28,777</u>
Total cash available	<u>\$ 43,898</u>	<u>\$ 12,739</u>	<u>\$ 14,949</u>	<u>\$ 71,586</u>
Cash disbursements:				
Principal payment	\$ 17,677	\$ -	\$ -	\$ 17,677
Interest and fiscal charges	<u>    9,754</u>	<u>          -</u>	<u>          -</u>	<u>    9,754</u>
Total cash disbursements	<u>\$ 27,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,431</u>
Ending cash and cash equivalents	<u>\$ 16,467</u>	<u>\$ 12,739</u>	<u>\$ 14,949</u>	<u>\$ 44,155</u>

This page is intentionally left blank.



GENERAL FIXED ASSET ACCOUNT GROUP

To account for fixed assets used in governmental fund type operations.

VILLAGE OF MORSE, LOUISIANA  
GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
Year Ended June 30, 1999

	Balance, July 1, <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>1999</u>
General fixed assets:				
Land	\$ 3,000	\$ 53,031	\$ -	\$ 56,031
Buildings	601	-	-	601
Equipment	53,206	5,923	-	59,129
Improvements other than buildings	<u>10,000</u>	<u>1,002</u>	<u>-</u>	<u>11,002</u>
Total general fixed assets	<u>\$ 66,807</u>	<u>\$ 59,956</u>	<u>\$ -</u>	<u>\$126,763</u>
Investment in general fixed assets	<u>\$ 66,807</u>	<u>\$ 59,956</u>	<u>\$ -</u>	<u>\$126,763</u>

OTHER SUPPLEMENTARY INFORMATION

## VILLAGE OF MORSE, LOUISIANA

SCHEDULE OF PER DIEM PAID TO MAYOR/ALDERMEN  
Year Ended June 30, 1999

Leon Clement, Mayor	\$ 280
Donlean Gary	280
Allen Hargrave	280
Raymond Leger	<u>280</u>
	<u>\$ 1,120</u>

The Mayor and Board of Aldermen received \$15 per diem through February 28, 1999, and \$40 per diem thereafter for each meeting of the board.



## **BROUSSARD, POCHE', LEWIS & BREAU, L.L.P.**

CERTIFIED PUBLIC ACCOUNTANTS

122 East 5th St.  
P.O. Drawer 307  
Crowley, Louisiana  
70527-0307  
phone: (318) 783-0650  
fax: (318) 783-7238

Lafayette, LA  
(318) 988-4930

Opelousas, LA  
(318) 942-5217

Abbeville, LA  
(318) 898-1497

New Iberia, LA  
(318) 364-4554

Church Point, LA  
(318) 684-2855

Eunice, LA  
(318) 457-0071

Lawrence A. Cramer, CPA\*  
Eugene C. Gilder, CPA\*  
Donald W. Kelley, CPA\*  
Robert Lemoine II, CPA\*  
Frank A. Stagno, CPA\*  
Scott J. Broussard, CPA\*  
L. Charles Abshire, CPA\*  
Kerwin R. Dugas, CPA\*  
P. John Blanchet III, CPA\*  
Stephen L. Lambousy, CPA\*  
Craig C. Babineaux, CPA\*  
Peter C. Borzello, CPA\*  
Michael P. Crochet, CPA\*  
George J. Trappey III, CPA\*  
Daniel E. Gilder, CPA\*  
Gregory B. Milton, CPA\*  
S. Scott Soileau, CPA\*  
Patrick D. McCarthy, CPA\*  
Mattha B. Wyatt, CPA\*

### *Retired:*

Solney L. Broussard, CPA 1980  
Leon K. Poche, CPA 1984  
James H. Breau, CPA 1987  
Erna R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberly, CPA\* 1995  
Rodney L. Savoy, CPA\* 1996  
Larry G. Broussard, CPA\* 1996

Members of American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants

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

To the Mayor and Board of Aldermen  
Village of Morse, Louisiana

We have audited the financial statements of the Village of Morse, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 1, 1999. We conducted our 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.

#### Compliance

As part of obtaining reasonable assurance about whether the Village of Morse, Louisiana's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered the Village of Morse, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Morse's

To the Mayor and Board of Aldermen  
Village of Morse, Louisiana

ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. These reportable conditions are described in the accompanying schedule of findings and questioned costs as items #1999-1, 1999-2, and 1999-3.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we considered the above reportable conditions to be material weaknesses.

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

*BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.*

Crowley, Louisiana  
September 1, 1999

VILLAGE OF MORSE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 1999

We have audited the financial statements of the Village of Morse, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 1, 1999. We conducted our 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. Our audit of the financial statements as of June 30, 1999, resulted in an unqualified opinion.

**Section I. Summary of Auditor's Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

b. Federal Awards

Internal Control

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

**Section II. Financial Statement Findings**

#1999-1 - Segregation of Duties

Finding: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the Village is unable to implement a segregated system of internal control.

Recommendation and response: Management is aware of and has evaluated this inadequacy and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the Village that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

#1999-2 - Budget Violation

Finding: For the year ended June 30, 1999, the Village's actual expenditures exceeded budgeted expenditures by 20%, 26%, 98%, and 23% in the General, Special Revenue (Sales Tax), Water Utility, and Sewer Utility Funds, respectively. Louisiana Revised Statute (LSA-R.S.) 39:1310 requires that a budget be amended if actual expenditures exceed budgeted expenditures by 5 percent or more.



VILLAGE OF MORSE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 1999

**Section II. Financial Statement Findings (Continued)**

#1999-2 - Budget Violation (Continued)

Cause: The Village did not comply with LSA-R.S. 39:1310, therefore, budgeting control over expenditures was reduced.

Recommendation: We recommend that the Village amend the budget if actual expenditures exceed budgeted expenditures by 5 percent or more.

Response: The Village will obtain better budgeting control over expenditures in the future by amending budgets when actual expenditures exceed budgeted expenditures by 5 percent or more.

#1999-3 - Reserve Requirements - Sewer Utility Fund

Finding: The reserve requirements for the bond reserve and depreciation and contingencies accounts were underfunded by \$3,107 and \$1,036, respectively.

Cause: The monthly reserves were not met for the accounts mentioned above during the current fiscal year.

Recommendation: As funds become available, appropriate transfers should be made to correct the underfunding as well as closer monitoring in the future to avoid any reoccurrence.

Response: As soon as the necessary funding is available, appropriate transfers will be made.

**Section III. Federal Award Findings and Questioned Costs**

There are no audit findings related to major federal award programs for the year ended June 30, 1999.

VILLAGE OF MORSE, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
Year Ended June 30, 1999

**Section I. Internal Control and Compliance Material to the Financial Statements**

We performed a compilation/attestation on the Village of Morse, Louisiana's general-purpose financial statements for the year ended June 30, 1998, and reported on the following deficiency in our "Independent Accountant's Report on Applying Agreed Upon Procedures," dated December 22, 1998:

Budgeting

We compared the revenues and expenditures of the budget to actual revenues and expenditures. Actual expenditures for the year exceeded budget in the General Fund by 12% and the Special Revenue (Sales Tax) Fund by 14%.

This deficiency is also included as a finding in the audit report for the year ended June 30, 1999, and is described in #1999-2.

**Section II. Internal Control and Compliance Material to Federal Awards**

There were no findings related to any federal award programs for the year ended June 30, 1998.

**Section III. Management Letter**

There were no findings reported in a separate management letter for the year ended June 30, 1998.

VILLAGE OF MORSE, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
Year Ended June 30, 1999

**Section I. Internal Control and Compliance Material to the Financial Statements**

#1999-1 - Segregation of Duties

Management has evaluated this inadequacy and has determined that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation of duties.

#1999-2 - Budget Violation

The Village will obtain better budgeting control over expenditures in the future by amending budgets when actual expenditures exceed budgeted expenditures by 5 percent or more.

#1999-3 - Reserve Requirements - Sewer Utility Fund

The Village will make the appropriate transfers to fund these reserve accounts as funding becomes available.

**Section II. Internal Control and Compliance Material to Federal Awards**

The current year audit report contained no findings applicable to federal awards.

**Section III. Management Letter**

The current year audit report contained no separate management letter.

Responsible Party: Leon Clement, Mayor