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**VILLAGE OF MORGANZA, LOUISIANA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 1996**

**VILLAGE OF MORGANZA  
POINTE COUPEE PARISH, LOUISIANA  
P. O. BOX 66  
MORGANZA, LA 70759  
(504) 694-3655**

**MAYOR  
Eugene "Jacko" Serio**

**ALDERMEN  
Eric Gustin, Gas Commissioner  
Stanley LeCoq, Water & Sewer Commissioner  
Carmella Guedry, Street Commissioner**

**CITY MANAGER  
Mark S. Ramagos**

**CITY CLERK  
Diane Grantham**

**CHIEF OF POLICE  
Carl K. Landry**

**MEETING DATE  
1st & 3rd Tuesday of Every Month  
7:00 pm - Town Hall**

VILLAGE OF MORGANZA, LOUISIANA  
 FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 1996

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*George F. Delaune*

CERTIFIED PUBLIC ACCOUNTANT

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GOVERNMENT FINANCE  
OFFICERS ASSOCIATION

## INDEPENDENT AUDITOR'S REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS

The Honorable Eugene Serio, 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, 1996, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Village of Morganza, Louisiana, management. My responsibility is to express an opinion on these general purposes financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards, *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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

I was unable to reconcile or verify the amount of consumer meter deposits at June 30, 1996, which amount to \$21,045.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to reconcile consumer meter deposits, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Village of Morganza, Louisiana, as of June 30, 1996, 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 a report dated August 26, 1996, on my consideration of the Village of Morganza's internal control structure and a report dated August 26, 1996, on its compliance with laws and regulations.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The 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 Morganza, Louisiana. 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

*George F. Delaune, CPA*

August 26, 1996

**VILLAGE OF MORGANZA, LOUISIANA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP**  
**June 30, 1996**

	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Account Group</u>	<u>Totals Memorandum Only</u>
	<u>General</u>	<u>Enterprise</u>	<u>General Fixed Assets</u>	
<b>ASSETS</b>				
Cash	\$20,101	\$317,023		\$337,124
Investments		59,075		59,075
Receivables -				
Taxes - ad valorem	4			4
Taxes - franchise	3,166			3,166
Utility billings		82,525		82,525
Due from other governmental units -				
Louisiana - beer taxes	408			408
Louisiana - tobacco taxes	1,026			1,026
Louisiana - video poker	2,332			2,332
Louisiana - law enforcement grant	1,240			1,240
Prepaid expenses		3,055		3,055
Property, Plant and Equipment -				
At cost		1,254,827	\$67,812	1,322,639
Accumulated depreciation		(515,115)		(515,115)
<b>TOTAL ASSETS</b>	<u>\$28,277</u>	<u>\$1,201,390</u>	<u>\$67,812</u>	<u>\$1,297,479</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	\$3,350	\$5,542		\$8,892
Accrued liabilities -				
Salaries	505			505
Payroll deductions	819	1,035		1,854
Due to other governmental units -				
P.C. Parish - Solid Waste System		27,417		27,417
Consumer deposits		25,655		25,655
Total Liabilities	<u>4,674</u>	<u>59,649</u>		<u>64,323</u>
Fund Equity:				
Contributed capital		724,014		724,014
Investment in general fixed assets			\$67,812	67,812
Retained earnings - unreserved		417,727		417,727
Fund balance - unreserved/undesignated	23,603			23,603
Total Fund Equity	<u>23,603</u>	<u>1,141,741</u>	<u>67,812</u>	<u>1,233,156</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$28,277</u>	<u>\$1,201,390</u>	<u>\$67,812</u>	<u>\$1,297,479</u>

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 TYPE - GENERAL FUND**  
**FOR THE YEAR ENDED June 30, 1996**  
**With Comparative Total for 1995**

	1996	1995
Revenues:		
Taxes	\$61,909	\$59,782
Licenses and permits	15,239	15,082
Intergovernmental revenue	16,958	15,564
Fines and forfeitures	2,469	2,681
Miscellaneous revenues	1,103	1,017
	97,678	94,126
Expenditures:		
Current operations		
Salaries and benefits	61,482	68,227
Purchased professional services	3,752	2,031
Utilities	10,807	10,323
Other purchased services	14,296	15,322
Repairs, maintenance and supplies	16,557	12,812
Capital outlays	3,298	
	110,192	108,715
(Deficiency) of Revenues Over Expenditures	(12,514)	(14,589)
Other Financing Sources:		
Operating transfers in	4,385	31,506
Excess (Deficiency) of Revenues and Sources Over Expenditures	(8,129)	16,917
Fund Balance - July 1	31,732	14,815
FUND BALANCE - June 30	\$23,603	\$31,732

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 TYPE (GENERAL FUND)**  
**FOR THE YEAR ENDED June 30, 1996**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$58,800	\$61,909	\$3,109
Licenses and permits	14,600	15,239	639
Intergovernmental revenues	9,500	16,958	7,458
Fines and forfeitures	2,500	2,469	(31)
Miscellaneous revenues	1,100	1,103	3
Total Revenues	86,500	97,678	11,178
Expenditures:			
Current Operations:			
General government	24,769	36,149	(11,380)
Police department	31,892	27,805	4,087
Street department	55,362	42,940	12,422
Capital Outlays:			
Police department		1,698	(1,698)
Street department		1,600	(1,600)
Total Expenditures	112,023	110,192	1,831
(Deficiency) of Revenues Over Expenditures	(25,523)	(12,514)	13,009
Other Financing Sources:			
Operating transfers in	20,000	4,385	(15,615)
(Deficiency) of Revenues and Sources Over Expenditures	(5,523)	(8,129)	(2,606)
Fund Balance - July 1	31,732	31,732	
<b>FUND BALANCE - June 30</b>	<b>\$26,209</b>	<b>\$23,603</b>	<b>(\$2,606)</b>

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, 1996**  
**With Comparative Total for 1995**

	<u>1996</u>	<u>1995</u>
Operating Revenues:		
Charges for services	\$268,151	\$207,775
Customer service charges	100	185
Penalty charges	5,788	4,710
	<hr/>	<hr/>
Total Operating Revenues	274,039	212,670
	<hr/>	<hr/>
Operating Expenses:		
General and administrative	58,358	56,575
Natural gas department	125,195	74,909
Water department	53,207	33,188
Sewer department	34,804	18,783
	<hr/>	<hr/>
Total Operating Expenses	271,564	183,455
	<hr/>	<hr/>
Operating Income	2,475	29,215
	<hr/>	<hr/>
Non-operating Revenues (Expenses):		
Utility billing fee	4,523	4,566
Rural development grant		15,000
Interest earned	15,314	12,232
Investment gains	3,330	3,081
Miscellaneous revenues		35
Plug abandoned well		(5,102)
	<hr/>	<hr/>
Total Non-operating Revenues (Expenses)	23,167	29,812
	<hr/>	<hr/>
Income Before Operating Transfers	25,642	59,027
	<hr/>	<hr/>
Other Financing (Uses):		
Operating transfers out	(4,385)	(31,506)
	<hr/>	<hr/>
Net Income	21,257	27,521
	<hr/>	<hr/>
Retained Earnings - July 1	396,470	368,949
	<hr/>	<hr/>
RETAINED EARNINGS - June 30	<u>\$417,727</u>	<u>\$396,470</u>

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, 1996**  
**With Comparative Total for 1995**

	1996	1995
Cash Flows from Operating Activities:		
Operating income	\$2,475	\$29,215
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	33,793	33,377
Utility billing fee	4,523	4,566
Rural development grant		15,000
Miscellaneous revenues		35
Plug abandoned well		(5,102)
Changes in assets and liabilities -		
Decrease (increase) in investments	(3,330)	(3,081)
Decrease (increase) in receivables	(12,939)	(2,727)
Decrease (increase) in prepaid insurance	657	(1,625)
Increase (decrease) in accounts payable	(544)	(4,287)
Increase (decrease) in accrued salaries payable		(976)
Increase (decrease) in payroll deductions	(201)	(10)
Increase (decrease) in due to Pointe Coupee Solid Waste System	(54,812)	56,348
Increase (decrease) in consumer meter deposit liability	2,670	1,940
Net Cash Provided by (Used for) Operating Activities	(27,708)	122,673
Cash Flows from Non-Capital Financing Activities:		
Operating transfers out	(4,385)	(31,506)
Net Cash (Used for) Non-Capital Financing Activities	(4,385)	(31,506)
Cash Flows from Capital and Related Financing Activities:		
Construction in progress	(6,500)	
Acquisition of capital assets	(5,104)	(2,653)
Net Cash (Used for) Capital and Related Financing Activities	(11,604)	(2,653)
Cash Flows from Investing Activities:		
Interest earned	15,314	12,232
Gain on investments	3,330	3,081
Net Cash Provided from Investing Activities	18,644	15,313
Net Increase (Decrease) in Cash and Cash Equivalents	(25,053)	103,827
Cash and Cash Equivalents at July 1	342,076	238,249
<b>CASH AND CASH EQUIVALENTS AT June 30</b>	<b>\$317,023</b>	<b>\$342,076</b>

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 \$147 per month and each Council Member \$42 for each meeting attended. The Village of Morganza is located in Pointe Coupee Parish and a geographic area of approximately six square miles. The population as of 1990 was 872. The Village employs four full-time employees. The Village serves 515 gas customers, 319 water customers, and 293 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:

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.

VILLAGE OF MORGANZA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

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.

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.

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

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.

**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 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

VILLAGE OF MORGANZA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

"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.
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.

VILLAGE OF MORGANZA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

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

Cash and Cash Equivalents

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.

Under state law, the Village may invest in United States bonds, treasury notes, or certificates. 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.



VILLAGE OF MORGANZA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

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, 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

Accumulated Unpaid Vacation and Sick Leave

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 for

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

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.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of general 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.

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

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, 1996:

Fund	Authorized Mills	Levied Millage	Expiration Date
General Fund	7.00	6.72	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 1995 assessed valuation:

Taxpayer	Assessed Valuation	Percentage of Total Assessed Valuation
BellSouth Telecommunications, Inc.	\$146,390	10.24%
Regions Bank of Louisiana	141,205	9.88%
Entergy Services, Inc.	36,270	2.54%
Pointe Coupee Electric Membership Corp.	33,856	2.37%
Union Pacific Railroad Co.	26,630	1.86%
Guaranty Bank & Trust Company	19,450	1.36%
H. M. & W. Super Mart	19,065	1.33%
LA Express & Cafe	12,009	0.84%
Craig Neal	10,000	0.70%
Gregory B. Mayeaux	9,700	0.68%
Total	<u>\$454,575</u>	<u>31.81%</u>

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

**NOTE 4 - CASH and CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents at June 30, 1996:

	<u>Book Balance</u>	<u>Balance per Bank Statement</u>	<u>Secured by FDIC</u>	<u>Pledged Collateral</u>	<u>Unsecured/ Uncollat- eralized</u>
Demand Accounts - Operating funds	\$336,873	\$353,128	\$100,000	\$313,230	\$0

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.

**NOTE 5 - INVESTMENTS**

The following is a summary of investments at June 30, 1996:

	<u>Cost</u>	<u>Market Value</u>
50,000 Mortgage Securities Trust, Unit CMO Series 11	\$50,683	\$59,075

GASBS No. 3 states that a unit investment trust is an investment security and the Village has adopted to report this investment in accordance with SFAS No. 115. Consequently, this investment is recognized at market value as of June 30, 1996. This investment does not meet the investment allowed by LRS 39:1271 and is a violation of state law.

**NOTE 6 - CHANGES IN FIXED ASSETS**

A summary of changes in general fixed assets follows:

	<u>7-1-1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-1996</u>
Land	\$2,000			\$2,000
Buildings	31,356			31,356
Improvements other than buildings	17,237		\$(17,237)	
Equipment	62,366	\$3,298	(31,208)	34,456
	<u>\$112,959</u>	<u>\$3,298</u>	<u>\$(48,445)</u>	<u>\$67,812</u>

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

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

	<u>7-1-1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-1996</u>
Land	\$12,610			\$12,610
Machinery and equipment	25,927	\$5,104	\$(13,912)	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			690,823
Sewer system	281,011			281,011
	<u>1,257,134</u>	<u>\$2,653</u>	<u>\$(13,912)</u>	<u>1,248,326</u>
Accumulated depreciation	<u>(490,468)</u>	<u>\$(33,792)</u>	<u>\$9,145</u>	<u>(515,115)</u>
	<u>\$766,666</u>			<u>\$733,211</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, 1996 is \$27,417.

**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

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, 1996, was \$75,452.

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, 1996, the Village contributed \$5,772 to the System.

NOTE 10 - CONTINGENT LIABILITIES

There is no pending litigation against the Village.

NOTE 11 - 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	\$1,690
Council Members	- Eric Gustin	882
	- Stanley LeCoq	966
	- Carmella Guedry	924
		<hr/>
		\$4,462
		<hr/> <hr/>

NOTE 12 - FEDERAL FINANCIAL ASSISTANCE

The Village did not receive any federal funds for the current fiscal year.

VILLAGE OF MORGANZA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

The following adjustments were required to Fund Equity of the Enterprise Fund at June 30, 1995:

	<u>Retained Earnings</u>	<u>Contributed Capital</u>
Balance as of June 30, 1995 audited financial statements	\$432,511	\$124,867
Adjustments increase (decrease):		
Construction of water system improvements with LCDBG funds completed April 23, 1993		599,147
Correction of depreciation calculations	<u>(36,041)</u>	<u>                    </u>
Adjusted Balance as of June 30, 1995	<u><u>\$396,470</u></u>	<u><u>\$724,014</u></u>

**SUPPLEMENTAL DATA**



**VILLAGE OF MORGANZA, LOUISIANA**  
**SCHEDULE OF REVENUES**  
**BUDGET AND ACTUAL [GAAP BASIS] - GOVERNMENTAL FUND TYPE (GENERAL FUND)**  
**FOR THE YEAR ENDED June 30, 1996**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes:			
General property	\$9,800	\$9,470	(\$330)
Sales	35,000	37,207	2,207
Electric franchise	12,000	12,944	944
Cable TV franchise	2,000	2,288	288
Total Taxes	<u>\$58,800</u>	<u>\$61,909</u>	<u>\$3,109</u>
Licenses and Permits:			
Occupational - businesses	\$11,000	\$3,470	(\$7,530)
Occupational - insurance	3,000	10,689	7,689
Liquor and beer permits	600	1,080	480
Total Licenses and Permits	<u>\$14,600</u>	<u>\$15,239</u>	<u>\$639</u>
Intergovernmental Revenues:			
Grant - La Comm on Law Enforcement		\$1,240	\$1,240
Grant - Baton Rouge Arts Council		875	875
La - Tobacco taxes	\$4,000	4,104	104
La - Beer taxes	1,500	2,871	1,371
La - Video poker	4,000	7,868	3,868
Total Intergovernmental Revenues	<u>\$9,500</u>	<u>\$16,958</u>	<u>\$7,458</u>
Fines and Forfeitures:			
Traffic fines	\$2,500	\$2,469	(\$31)
Miscellaneous Revenues:			
Interest earned	\$800	\$908	\$108
Other	300	195	(105)
Total Miscellaneous Revenues	<u>\$1,100</u>	<u>\$1,103</u>	<u>\$3</u>

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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Government -			
Salaries and Benefits -			
Mayor's per diem	\$1,764	\$1,691	\$73
Council members' per diem	3,024	2,772	252
Salaries - janitor	1,042	1,042	
Group insurance		9,680	(9,680)
Unemployment compensation	5	5	
Workers compensation	10	78	(68)
Social security and medicare	80	154	(74)
Uniform expense		60	(60)
Purchased Professional Services -			
Professional fees - legal		60	(60)
Professional fees - assessor	430	430	
Professional fees - auditor	3,000	3,000	
Professional fees - sales tax collector		112	(112)
Conventions and conferences	800	150	650
Utilities -			
Electricity	2,500	2,068	432
Natural gas		511	(511)
Other Purchased Services -			
Insurance - fire	3,600	1,184	2,416
Insurance - liability	1,200	3,548	(2,348)
Insurance - bonds	104	223	(119)
Telephone	1,000	1,199	(199)
Paging system		182	(182)
Publishing and recording	1,000	827	173
Dues	500	271	229
Subscriptions		35	(35)
Tourism and promotion	800	2	798
Repairs, Maintenance and Supplies -			
Buildings	750	531	219
Pest control	260		260
Janitorial and other supplies	150	72	78
Equipment maintenance	800		800
Beautification program	250	3,643	(3,393)
Office supplies	1,000	993	7
Postage	50	69	(19)
Bank charges		2	(2)
Miscellaneous supplies	650	1,555	(905)
<b>Total General Government</b>	<b><u>\$24,769</u></b>	<b><u>\$36,149</u></b>	<b><u>(\$11,380)</u></b>

	Budget	Actual	Variance Favorable (Unfavorable)
Police Department -			
Salaries and Benefits -			
Salary - chief	\$16,387	\$16,387	
Salary - auxiliary	736	736	
Group insurance	4,529		\$4,529
Unemployment compensation	90	59	31
Workers compensation	1,300	1,085	215
Social security and medicare	1,310	1,290	20
Purchased Professional Services -			
Drug task force	1,440		1,440
Other Purchased Services -			
Insurance - liability	2,400	3,223	(823)
Telephone	800	727	73
Repairs, Maintenance and Supplies -			
Vehicles - gas and oil	1,000	1,773	(773)
Vehicle - maintenance	1,200	1,359	(159)
Police supplies	300	415	(115)
Radios and equipment	300	721	(421)
Miscellaneous supplies	100	30	70
	<u>\$31,892</u>	<u>\$27,805</u>	<u>\$4,087</u>
Total Police Department			
Street Department -			
Salaries and Benefits -			
Salary - laborers	\$25,000	\$21,121	\$3,879
Group insurance	5,100		5,100
Unemployment compensation	130	74	56
Workers compensation	5,000	3,632	1,368
Social security and medicare	1,912	1,616	296
Utilities -			
Street lighting	8,000	8,228	(228)
Other Purchased Services -			
Insurance - liability	2,000	1,635	365
Insurance - vehicles and equipment	1,300	1,240	60
Repairs, Maintenance and Supplies -			
Maintenance of streets	300		300
Culverts		129	(129)
Street signs and posts		171	(171)
Vehicle - gas and oil	1,000	1,472	(472)
Vehicle - maintenance	500	215	285
Tractor - gas and oil	1,200	1,151	49
Tractor - maintenance	1,800	493	1,307
Small tools and supplies	2,000	1,491	509
Miscellaneous supplies	120	272	(152)
	<u>\$55,362</u>	<u>\$42,940</u>	<u>\$12,422</u>
Total Street Department			

VILLAGE OF MORGANZA, LOUISIANA  
SCHEDULE OF OPERATING EXPENSES  
PROPRIETARY FUND TYPE (ENTERPRISE FUND)  
FOR THE YEAR ENDED June 30, 1996  
With Comparative Total for 1995

	<u>1996</u>	<u>1995</u>
General and Administrative -		
Salaries and Benefits -		
Salary - superintendent	\$23,846	\$23,846
Salary - laborers		276
Salary - office	12,580	12,580
Group insurance	4,529	4,633
Unemployment compensation	127	188
Workers compensation	896	853
Social security and medicare	2,821	3,572
Purchased Professional Services -		
Professional fees - auditor	3,000	
Other Purchased Services -		
Insurance	2,811	1,953
Printing	405	981
Travel	66	49
Continuing education	190	50
Dues	560	415
Repairs, Maintenance and Supplies -		
Vehicle - gas and oil	1,492	1,946
Truck maintenance	957	1,372
Equipment maintenance	49	120
Trencher maintenance	204	16
Radio maintenance	40	218
Computer maintenance	300	300
Office supplies		568
Postage	1,308	1,477
Miscellaneous	1,136	553
Depreciation	<u>1,041</u>	<u>609</u>
Total General and Administrative	<u>\$58,358</u>	<u>\$56,575</u>
Natural Gas Department -		
Purchased Professional Services -		
Safety and ordorization	\$1,182	
Cathodic protection survey	1,142	\$1,323
Leakage survey	619	450
Drug testing	156	222
Utilities -		
Rectifier units	938	1,014
Other Purchased Services -		
Insurance	1,981	1,786
Repairs, Maintenance and Supplies -		
Natural gas purchases	111,533	59,814
Maintenance of meters	1,133	3,444
Maintenance of lines	1,318	1,647
Severance tax		348
Small tools and supplies	564	578
Miscellaneous	348	2
Depreciation	<u>4,281</u>	<u>4,281</u>
Total Natural Gas Department	<u>\$125,195</u>	<u>\$74,909</u>

	<u>1996</u>	<u>1995</u>
Water Department -		
Utilities -		
Current used in pumping	\$4,747	\$4,471
Other Purchased Services -		
Insurance	1,352	1,242
Dues	69	60
Repairs, Maintenance and Supplies -		
Maintenance of pumping equipment	504	641
Maintenance of lines	17,901	149
Maintenance of water tower	347	686
Maintenance of chlorinator	768	
Monthly lease on monitor	1,393	
Small tools and supplies	2,806	934
Chlorine	1,271	2,940
Depreciation	22,049	22,065
Total Water Department	<u>\$53,207</u>	<u>\$33,188</u>
Sewer Department -		
Purchased Professional Services -		
Compliance tests	\$1,530	\$1,365
Utilities -		
Current used in pumping	8,744	8,885
Repairs, Maintenance and Supplies -		
Maintenance of pumping equipment	165	110
Maintenance of lines	2,361	73
Maintenance of lift stations	13,515	1,572
Small tools and supplies	635	356
Chlorine	907	
Miscellaneous	525	
Depreciation	6,422	6,422
Total Sewer Department	<u>\$34,804</u>	<u>\$18,783</u>

# George F. Delaune

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS NOTED IN A GENERAL PURPOSE FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Eugene Serio  
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, 1996, and have issued my report thereon dated August 26, 1996.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Village of Morganza, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the Village of Morganza, Louisiana, for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my

opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

The reported conditions noted are also material weaknesses and they are noted below.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relative low level the risk that errors or irregularities in amounts that would be material in relation the general purpose 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted the following matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the general purpose financial statements of the Village of Morganza, Louisiana, for the year ended June 30, 1996.

### CONSUMER METER DEPOSITS

#### Condition

Consumer meter deposits received for the enterprise fund were deposited to the general fund cash account and accounting for these deposits were not controlled by either a manual card file or by using the utility billing computerized system. [This condition was found in the prior year audit and not corrected until January 1996.]

#### Criteria

Consumer meter deposits are a liability of the enterprise fund and should be deposited to the utility fund cash account. Also, a control listing should be maintained on the amount of consumer meter deposits.

#### Effect

Fund accounting, as mentioned previously, was not in operation and funds were commingled. Transactions affecting the two separate funds of the Village were commingled which hindered the identification of the transaction to the proper fund.

Cause

In 1987, following the advice of prior auditor and the auditor's consultant, the clerk was instructed to deposit all meter deposits in the general fund cash account. As to the reconciliation of meter deposits to the general ledger, the clerk was never notified to perform any additional procedures to control the processing of meter deposits.

Recommendation

I have recommended the change to fund accounting and have recommended procedures for the clerk to locate all receipts for meter deposits and process them in the computerized utility billing software.

Management's Response

Management accepted my recommendation and requested that I proceed with the implementation. The collection of meter deposits were recorded correctly in the Enterprise Fund beginning in January 1996. However, management has not completed reconciling the consumer meter deposits due to a lack of personnel. Scheduled completion date is September 1996.

This report is intended solely for the use of management and the Legislative Auditor for the State of Louisiana. This report is a matter of public record, and its distribution is not limited.

*George F. Delaune, CPA*

August 26, 1996



## PRIOR YEAR AUDIT FINDINGS

### FUND ACCOUNTING

#### Condition

The accounting system for the years ending prior to July 1, 1994, were not following acceptable fund accounting structure.

#### Criteria

Separate general ledgers should be maintained for all funds of the Village.

#### Effect

Transactions affecting the two separate funds of the Village were commingled which hindered the identification of the transaction to the proper fund.

#### Cause

In 1987, following the advice of prior auditor and the auditor's consultant, the accounting system was computerized under one general ledger. Although there were separate expense categories for the two separate funds, some transactions were commingled together and reporting could not be easily accomplished.

#### Recommendation

In March 1995, I made a recommendation to management to upgrade its computer system and at the same time segregate its accounting system by using accepted fund accounting—a separate accounting system with a self-balancing set of accounts for each fund.

#### Management's Response

Management accepted my recommendation and requested that I proceed with the implementation. After an evaluation of the computerized statements found significant errors, management agreed to reprocess all transactions beginning with July 1, 1994, under the new fund accounting structure.

#### Current Year's Finding

The accounting system follows an acceptable fund accounting structure.

## SEGREGATION OF DUTIES

### Condition

There is inadequate segregation of duties because of the limited number of personnel in the office.

### Criteria

Because of this inadequate segregation of duties, management should monitor the processing of transactions using appropriate reviews and approval procedures.

### Effect

Material deficiency in the internal control structure that fails to provide controls for the safeguarding of assets.

### Cause

Management was not aware that they should monitor the processing of the clerk and the prior auditor did not notify them of any deficiencies or make any recommendations.

### Recommendation

I have recommended in addition to the approval of invoices for payment that is already being performed by management, that they assign someone to verify the posting of transactions, the reconciliation of bank accounts, the collection of past due utility accounts, and other monitoring functions.

### Management's Response

Management accepted my recommendation and requested that I establish procedures for them to follow in monitoring the accounting system.

### Current Year's Finding

Management has established procedures to monitor the accounting system.

## INVENTORY OF FIXED ASSETS

### Condition

There is no inventory of fixed assets for both the general fixed assets or enterprise fund.

### Criteria

The Village should maintain sufficient records indicating for each fixed asset owned the name of the item, date purchased/constructed/donated, cost or market value for donated items, location of item, and what funds were used to acquire. In addition, the fixed asset records of the enterprise fund should contain depreciation information such as method used, life expectancy, current year depreciation, and accumulated depreciation.

### Effect

As a result of this inadequacy, I was unable to verify fixed assets and the calculation of depreciation. Consequently, I had to qualify my opinion on the financial statements for this deficiency.

### Cause

Management relied on its auditor to compile these records and calculate depreciation. Management and myself were unsuccessful in attempts to secure these workpapers from the prior auditor.

### Recommendation

I have recommended to management that they should contact the Legislative Auditor and the State Board of Certified Public Accountants to make the prior auditor furnish them with copies of these workpapers that are necessary to make their records complete.

### Management's Response

Management has sent a certified letter to the prior auditor in a last attempt to secure these workpapers before they turn this matter over to proper authorities.

### Current Year's Finding

Management obtained the requested workpapers from the prior auditor and conducted a physical inventory. After the inventory was taken, it was necessary to make prior period adjustments for items that were deleted in prior years and to adjust accumulated depreciation for the actual depreciation charge for the prior two years.

*George F. Delaune*

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Eugene Serio  
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, 1996, and have issued my report thereon dated August 26, 1996.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Village of Morganza, Louisiana, is the responsibility of the Village of Morganza, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Village of Morganza, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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*.

This report is intended for the information of management and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*George F. Delaune, CPA*

August 26, 1996

## PRIOR PERIOD AUDIT FINDINGS

### PUBLICATION OF MINUTES

#### Condition and Criteria

The Village has failed to publish its minutes as outlined in Louisiana Revised Statutes 43:141-146.

#### Cause

Management relied on the advice of its prior auditor to insure that they complied with all applicable laws and regulations and since there have been no prior audit findings, they were not aware of any violations. All notices of public hearings were posted and the meetings were open and the minutes were made available and prior minutes were reviewed and approved at the next meeting.

#### Recommendation

I have recommended to management that they comply with state law and make provision to appropriate funds in the budget to publish all minutes.

#### Management's Response

Management will accept my recommendation.

#### Current Year's Finding

All minutes have been published.

## INVESTMENTS

#### Condition and Criteria

Louisiana Revised Statutes has established criteria for the investment of funds by political subdivisions. The Village in 1992 invested \$50,000 in collateral mortgage obligations (unit investment trust) that do not meet these criteria. Consequently, this investment is not fully secured.

#### Cause

The investment consultant that the Village used informed management that the investment was a very safe investment and meet the guidelines. Since 1992, the prior auditor made no comment on the violation of this investment.

Recommendation

Although the Village has not incurred a loss on this investment, it does violate Louisiana Revised Statutes and management should take appropriate action to liquidate this investment without incurring such loss immediately.

Management's Response

They will contact their investment consultant and inquire about the liquidation of this investment.

Current Year's Finding

They have contacted their investment consultant and are monitoring the market value monthly to insure that the Village does not incur a loss.