

**VILLAGE OF MORGANZA, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

**MAYOR**

Salvador J. Tuminello

**ALDERMEN**

Carmella Guedry  
John Mitch Langlois  
Stephanie Savoy

**CITY MANAGER**

Mark S. Ramagos

**CITY CLERK**

Elizabeth Dalton

**CHIEF OF POLICE**

Joseph B. Robillard

**MEETING DATE**

3rd Thursday of Every Month  
7:00 PM - Town Hall

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**W. Kathleen Beard, CPA, LLC**  
**10191 Bueche Rd.**  
**Bueche, LA 70729**

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Honorable Mayor Salvador J. Tuminello, Mayor  
and Members of the Board of Aldermen  
Village of Morganza, Louisiana

**Report on Financial Statements**

I have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Village of Morganza, Louisiana as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Honorable Mayor Salvador J. Tuminello, Mayor  
and Members of the Board of Aldermen  
Village of Morganza, Louisiana

## **Opinions**

In my opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Village of Morganza, Louisiana as of June 30, 2013, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 1 to the financial statements, in 2013, the Village of Morganza, Louisiana adopted new accounting guidance, GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. My opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison on pages 3 through 8, and page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued a report dated December 18, 2013, on my consideration of the Village's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

*W. Kathleen Beard, CPA*

Certified Public Accountant  
Bueche, Louisiana  
December 18, 2013

## **REQUIRED SUPPLEMENTARY INFORMATION (Part I)**

### **Management's Discussion and Analysis**

This narrative report has been prepared in an easy-to-read format by management. It provides an analytical overview of the Village's financial activities for the year based on currently known facts and management's knowledge of the transactions, events and conditions reflected in the financial report and in the fiscal policies that control the Village's operations.

## **REQUIRED SUPPLEMENTAL INFORMATION**

### *Management's Discussion and Analysis*

This narrative report has been prepared in an easy-to-read format by management. It provides an analytical overview of the Village's financial activities for the year based on currently known facts and management's knowledge of the transactions, events, and conditions reflected in the financial report and the fiscal policies that control the Village's operations.

*Village of Morganza, Louisiana*  
*Management's Discussion and Analysis*  
*June 30, 2013*

**INTRODUCTION**

This annual report consists of -

- Our independent auditor's report on the financial statements in which she rendered an unmodified opinion.
- Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.
- The basic financial statements which consists of government-wide financial statements, governmental fund financial statements, and the notes to those financial statements.
- The comparison of actual operations for the year compared to the budget for the General Fund.
- Our independent auditor's report on the Village's compliance with laws and regulations and how management applied internal controls over its financial operations. The results of her tests and observations did not indicate any violations that she considered to be in noncompliance or conditions that required to be disclosed that could affect our operations.

*Management's Discussion and Analysis*

As management of the Village of Morganza, Louisiana, we are pleased to provide an overview of our financial activities for the year ended June 30, 2013. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last year's audited financial report.

**Financial Highlights**

- The Village's net position decreased by \$87,091 from \$1,988,047 in 2012 to \$1,990,955 in 2013
- Governmental revenues decreased from \$144,917 to \$139,333
- Utility operating revenues increased from \$332,805 to \$343,384
- Cash and investments decreased by \$55,209 for the year ended June 30, 2013

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements which are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) other required supplementary information in addition to the basic financial statements themselves.

## Government-Wide Financial Statements

The Village's Government-wide Financial Statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The Government-Wide Financial Statements, presented on pages 9 and 10, are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the Statement of Net Position and the Statement of Activities, the Village is divided into two kinds of activities:

**Governmental activities** - Most of the Village's basic services are reported here, including police and fire protection, roads/street and drainage, debt service and general administration. Sales taxes, franchise fees, occupational licenses, and federal and state grants finance most of these activities.

**Business-type activities** - The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's public utility systems (natural gas, water, and sewer) are reported here.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements of using certain taxes, grants, and other money. The Village's two kinds of funds - governmental and proprietary - use different accounting approaches.

**Governmental Funds** - Governmental funds, presented on pages 11 thru 12, focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Most of the Village's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

**Proprietary Fund** - When the Village charges customers for the services it provides - whether to outside customers or to other units of the Village - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Village's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash-flows, for proprietary funds.

## Notes to the Financial Statements

The notes, presented on pages 16 thru 29, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary control, on page 30.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. At the end of the most recent year, the assets of the Village exceeded its liabilities by \$1,900,954.

The Village's total assets are composed of \$564,259 (28.72%) in cash, investments, and receivables and \$1,345,601 (68.50%) investment in capital assets (land, buildings, utility systems, vehicles and equipment, etc.). The Village uses these capital assets to provide various services to residents and businesses in the incorporated area, these assets are not available for future spending.

The Village has \$555,353 to be used in future operations and acquisition of new capital assets that will improve the operations of the Village.

### Statement of Net Position

	Governmental Activities	Business-type Activities	Total 2013	Total 2012	% Change
Current and other assets	\$ 78,288	\$ 512,515	\$ 590,804	\$ 678,108	-12.87%
Noncurrent assets	78,581	1,267,020	1,345,601	1,400,421	-3.91%
Total assets	<u>156,869</u>	<u>1,807,526</u>	<u>1,964,395</u>	<u>2,078,529</u>	-6.84%
Current and other liabilities	5,483	29,963	35,446	63,397	
Noncurrent liabilities	0	27,995	27,995	27,085	-44.09%
Total liabilities	<u>5,483</u>	<u>57,958</u>	<u>63,441</u>	<u>90,482</u>	-29.89%
Net position -					
Invested in capital assets, net of related debt	78,581	1,267,020	1,345,601	1,362,481	-1.24%
Unrestricted	72,806	482,548	555,353	625,566	-11.22%
Total net assets	<u>\$ 151,387</u>	<u>\$ 1,749,568</u>	<u>\$ 1,900,954</u>	<u>\$ 1,988,047</u>	-4.38%

(continued on next page)

The Village's total revenues decreased by \$71,939 from \$578,177 in 2012 to \$506,238 in 2013. Total expenses decreased by \$56,664 from \$649,993 in 2012 to \$593,329 in 2013.

### Changes in Net Position

	Governmental Activities	Business-type Activities	Total 2013	Total 2012	% Change
<b>Revenues:</b>					
<b>Program revenues -</b>					
Charges for services	\$ 38,115	\$ 331,966	\$ 370,081	\$ 365,752	1.18%
Operating grants and contributions	-	-	-	50,000	-100.00%
Capital grants and contributions	-	20,000	20,000	50,000	-60.00%
<b>General revenues -</b>					
Property taxes	14,822	-	14,822	14,697	.85%
Sales taxes	56,099	-	56,099	57,715	-2.80%
Franchise taxes	16,460	-	16,460	17,503	-5.96%
Intergovernmental	12,555	-	12,555	8,867	41.59%
Other general revenues	1,282	11,418	12,700	13,137	-3.69%
Investment earnings	-	521	521	530	-6.96%
Gain (Loss) on disposal of capital assets	-	3,000	3,000	(104)	-2984.62%
<b>Total revenues</b>	<b>139,333</b>	<b>346,905</b>	<b>506,238</b>	<b>578,177</b>	<b>-12.44%</b>
<b>Functions/Program expenses -</b>					
General government	54,359	208,912	263,271	270,265	-2.59%
Public safety	40,226	-	40,226	56,278	-28.52%
Streets	53,453	-	53,453	54,309	-1.58%
Health and welfare	798	-	798	682	17.01%
Utility operations	-	235,581	235,581	251,839	-6.46%
Bad debts written off	-	-	-	16,620	-100.00%
<b>Total expenses</b>	<b>148,836</b>	<b>444,493</b>	<b>593,329</b>	<b>649,993</b>	<b>-6.16%</b>
Increase (Decrease) in net position	\$ (9,504)	\$ (77,588)	\$ (87,091)	\$ (71,816)	21.27%
Beginning net position	160,891	1,827,157	1,988,048	2,059,864	-3.49%
<b>Ending net position</b>	<b>\$ 151,387</b>	<b>\$ 1,749,568</b>	<b>\$ 1,900,955</b>	<b>\$ 1,988,048</b>	<b>-4.38%</b>

### Governmental Fund Financial Analysis

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Village's governmental fund is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

Revenues	FYE2013 Amount	Percent of Total	FYE 2012 Amount	Increase (Decrease) From FYE 2012	Percent Increase (Decrease)
Taxes	\$ 87,381	62.71%	\$ 89,915	\$ (2,534)	-2.82%
Intergovernmental	14,665	10.53%	10,997	3,668	33.35%
Charges for services	-	0.00%	-	-	0.00%
Fines and forfeitures	10,610	7.61%	13,680	(3,070)	-22.44%
Licenses and permits	25,395	18.23%	28,547	(3,152)	-11.04%
Miscellaneous	1,282	.92%	1,777	(495)	-27.86%
<b>Total Revenues</b>	<b>\$ 139,334</b>	<b>100.00%</b>	<b>\$ 144,917</b>	<b>\$ (5,583)</b>	<b>-3.85%</b>

Expenditures	FYE2013 Amount	Percent of Total	FYE 2012 Amount	Increase (Decrease) From FYE 2012	Percent Increase (Decrease)
General government	\$ 50,069	36.98%	\$ 65,777	\$ (15,708)	-23.88%
Police	33,659	24.86%	44,584	(10,925)	-24.50%
Street	50,037	36.95%	53,252	(3,215)	-6.04%
Health and welfare	798	0.59%	682	116	17.01%
Capital outlay	845	0.62%	-	845	-100.00%
<b>Total Expenditures</b>	<b>\$ 135,407</b>	<b>100.00%</b>	<b>\$ 164,295</b>	<b>\$ (28,887)</b>	<b>-17.58%</b>

## Budgetary Highlights

The Village's annual operating budgets are the legally adopted expenditure control documents of the Village. These operating budgets were very conservative and during the year, the operating budgets were not amended.

The General Fund final budgeted revenues were \$157,050 which was \$17,716 more than actual revenues. Current expenditures were \$66,237 less than the original budget. Capital Outlays were \$845 compared to budgeted capital outlays of \$25,000 during the fiscal year.

A budgetary comparison statement for the General Fund is required and can be found on page 30. This statement compares the original adopted budget, the final amended budget, and the actual expenditures prepared on a budgetary basis which was prepared on the modified accrual basis of accounting.

## Capital Assets

At June 30, 2013 and 2012, the Village had \$1,284,990 and \$1,373,450, respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment.

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,000	\$ 2,000	\$ 30,610	\$ 30,610	\$ 32,610	\$ 32,610
Buildings	50,959	52,111	5,057	5,340	56,016	57,451
Improvements other than buildings			-	1,133	-	1,113
Machinery and equipment	14,559	17,676	34,569	44,616	49,128	62,292
Furniture and fixtures	240	434			240	434
Vehicles	-	4,816			-	4,816
Infrastructure	10,823	11,423			10,823	11,423
Utility property			1,196,784	1,203,291	1,196,784	1,203,291
<b>Totals</b>	<b>\$ 78,581</b>	<b>\$ 88,460</b>	<b>\$ 1,267,020</b>	<b>\$ 1,284,990</b>	<b>\$ 1,345,601</b>	<b>\$ 1,373,450</b>

During the current fiscal year, the Village made the following capital outlays

- \$ 69,645 - Purchased two new vehicles
- \$ 1,690 - Purchase new software

Further detail on capital assets is presented in Note 6 on page 25.

## **Economic Factors and Next Year's Budgets and Rates**

The budget adopted for the fiscal year ending June 30, 2014 only shows a moderate increase to maintain the services provided to the citizens of the Village.

The Village relies heavily on taxes and licenses and permits for the operations of the General Fund (80.93%). Therefore, governmental activities are impacted by the economic growth of the area.

The Public Utility Systems shows a negative net profit margin of 29.44% which has been a continuing trend over the past five years.

## **Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Dalton, Clerk or Mark David, Financial Consultant at 113 West Railroad Avenue, Morganza, LA (225) 694-3655, fax (225) 694-2477.

**BASIC FINANCIAL STATEMENTS**

**Village of Morganza, Louisiana**  
**Statement of Net Position**  
June 30, 2013

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 62,798	\$ 430,351	\$ 493,149
Investments	-	-	-
Receivables (net of allowances for uncollectibles)	10,131	60,979	71,110
Due from other funds	-	-	-
Inventory	-	7,821	7,821
Prepaid Items	5,358	13,364	18,722
Total current assets	<u>78,288</u>	<u>512,515</u>	<u>590,804</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	-	27,991	27,991
Capital assets:			
Nondepreciable	2,000	30,610	32,610
Depreciable, net of accumulated depreciation	76,581	1,236,410	1,312,991
Total capital assets	<u>78,581</u>	<u>1,267,020</u>	<u>1,345,601</u>
Total noncurrent assets	<u>78,581</u>	<u>1,295,011</u>	<u>1,373,592</u>
TOTAL ASSETS	<u>\$ 156,869</u>	<u>\$ 1,807,526</u>	<u>\$ 1,964,395</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts, salaries, and other payables	\$ 5,483	\$ 13,187	\$ 18,669
Due to other governments	-	9,726	9,726
Compensated absences payable	-	7,051	7,051
Total current liabilities	<u>5,483</u>	<u>29,963</u>	<u>35,446</u>
Non-Current Liabilities:			
Payable from Restricted Assets -			
Customer meter deposits	-	27,995	27,995
Total liabilities payable from restricted assets	<u>-</u>	<u>27,995</u>	<u>27,995</u>
TOTAL LIABILITIES	<u>5,483</u>	<u>57,958</u>	<u>63,441</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	78,581	1,267,020	1,345,601
Unrestricted	72,806	482,548	555,353
TOTAL NET POSITION	<u>\$ 151,387</u>	<u>\$ 1,749,568</u>	<u>\$ 1,900,954</u>

The accompanying notes are an integral part of this statement.

Village of Morganza, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2013

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		Total
	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions		Governmental Activities	Business-type Activities	
<b>Governmental Activities</b>							
General government	\$ 54,359	\$ -	\$ -	(28,965)	\$ (28,965)	\$ -	(28,965)
Public safety	40,226	-	-	(29,616)	(29,616)	-	(29,616)
Public works	53,453	-	-	(51,343)	(51,343)	-	(51,343)
Health and welfare	798	-	-	(798)	(798)	-	(798)
Total Governmental Activities	148,836	-	-	(110,722)	(110,722)	-	(110,722)
<b>Business-type Activities</b>							
General and administrative	222,335	-	-	(222,335)	-	(222,335)	(222,335)
Natural Gas	105,334	-	6,667	82,197	-	82,197	82,197
Water	60,638	-	6,667	15,892	-	15,892	15,892
Sewer	56,186	-	6,666	31,720	-	31,720	31,720
Bad debts written off	-	-	-	-	-	-	-
Total Business-type Activities	444,493	-	20,000	(92,527)	-	(92,527)	(92,527)
Total Primary Government	\$ 593,329	\$ -	\$ 20,000	\$ (203,248)	\$ (110,722)	\$ (92,527)	\$ (203,248)
<b>General Revenues:</b>							
Property taxes					\$ 14,822	\$ -	14,822
Sales taxes					56,099	-	56,099
Franchise taxes					16,460	-	16,460
Intergovernmental					12,555	-	12,555
Other general revenues					1,282	11,418	12,700
Investment earnings					-	521	521
Gain/(Loss) on disposal of capital assets					-	3,000	3,000
Total general revenues and transfers					101,218	14,939	116,157
<b>Change in Net Position</b>					(9,504)	(77,588)	(87,091)
<b>Net position-beginning</b>					160,891	1,827,156	1,988,046
<b>Net position-ending</b>					\$ 151,387	\$ 1,749,568	\$ 1,900,955

The accompanying notes are an integral part of this statement.

**Village of Morganza, Louisiana  
Balance Sheet  
Governmental Funds  
June 30, 2013**

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>		
Cash and cash equivalents	\$ 62,798	\$ 62,798
Receivables -		
Taxes	8,974	8,974
From other governments	1,157	1,157
<b>TOTAL ASSETS</b>	<b>\$ 72,930</b>	<b>\$ 72,930</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts, salaries, and other payables	\$ 5,483	\$ 5,483
Due to other funds	-	-
Due to other governments	-	-
<b>Total Liabilities</b>	<b>5,483</b>	<b>5,483</b>
Func balances:		
Unassigned	67,447	67,447
<b>Total Fund balances</b>	<b>67,447</b>	<b>67,447</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 72,930</b>	<b>\$ 72,930</b>

**Amounts reported for governmental activities in the  
Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the Balance Sheet - Governmental Funds (net of accumulated depreciation of \$152,227)	78,582
Prepaid items for insurance premiums are not reported in the Balance Sheet - Governmental Funds	5,358
<b>Net Position of Governmental Activities (Statement A)</b>	<b>\$ 151,387</b>

The accompanying notes are an integral part of this statement.

**Village of Morganza, Louisiana**  
**Statement of Revenues, Expenditures and**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June, 30, 2013**

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>		
Taxes:		
Ad valorem	\$ 14,822	\$ 14,822
Sales and use	56,099	56,099
Other taxes, penalties, interest, etc.	16,460	16,460
Licenses and permits	25,395	25,395
Intergovernmental revenues:		
State funds:		
Beer and video poker taxes	8,500	8,500
Fees, charges, and commissions for services	2,110	2,110
Fema - hurricane expense reimbursement	4,055	4,055
Other	-	-
Fines and forfeitures	10,610	10,610
Other revenues	1,282	1,282
Total Revenues	139,334	139,334
<b>EXPENDITURES</b>		
General government	50,069	50,069
Public safety	33,659	33,659
Public works	50,037	50,037
Health and welfare	798	798
Capital outlay	845	845
Total Expenditures	135,407	135,407
<b>Net Change in Fund Balance</b>	<b>3,927</b>	<b>3,927</b>
Fund balances -- beginning	63,521	
Fund balances -- ending	\$ 67,447	

**Amounts reported for governmental activities in the Statement of Activities  
are different because:**

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated Useful lives and reported as depreciation expense. This is the amount which capital outlays exceeded depreciation in the current period

Depreciation expense	(10,724)
Capital outlays	845

Prepaid premiums reported in governmental activities are not current financial resources, and therefore are not reported in the Balance Sheet - Governmental Funds (3,551)

<b>Change in Net Position of Governmental Activities (Statement B)</b>	<b>\$ (9,504)</b>
--	-------------------

The accompanying notes are an integral part of this statement.

**Village of Morganza, Louisiana  
Statement of Net Position  
Proprietary Funds  
June 30, 2013**

		<u>BUSINESS-TYPE ACTIVITIES</u>
		<u>ENTERPRISE FUND</u>
		<u>Public Utilities</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$	430,351
Investments		-
Customer receivables (net of allowances for uncollectibles)		40,979
Due from other governments		20,000
Due from General Fund		-
Inventory		7,821
Prepaid items		13,364
Total Current Assets		<u>512,515</u>
Non-Current Assets:		
Restricted assets - cash and cash equivalents		27,991
Capital assets:		
Nondepreciable		30,610
Depreciable		2,862,911
Accumulated depreciation		(1,626,501)
Total Capital Assets		<u>1,267,020</u>
Total Non-Current Assets		<u>1,295,011</u>
TOTAL ASSETS		<u>1,807,526</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts, salaries, and other payables	\$	13,187
Due to other governments		9,726
Compensated absences payable		7,051
Total Current Liabilities		<u>29,963</u>
Non Current Liabilities:		
Payable from Restricted Assets:		
Customer meter deposits		27,995
Total Non-Current Liabilities		<u>27,995</u>
TOTAL LIABILITIES		<u>57,958</u>
<b>NET POSITION</b>		
Net investment in capital assets		1,267,020
Unrestricted		482,548
TOTAL NET POSITION	\$	<u>1,749,568</u>

The accompanying notes are an integral part of this statement.

**Village of Morganza, Louisiana**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2013**

	<b>BUSINESS-TYPE ACTIVITIES</b>
	<b>ENTERPRISE FUND</b>
	<b>Public Utilities</b>
<b>Operating Revenues</b>	
Charges for services:	
Natural Gas charges	\$ 180,864
Water charges	69,862
Sewer charges	81,240
Penalties	8,845
Miscellaneous	2,573
Total Operating Revenues	343,384
<b>Operating Expenses</b>	
General and administrative	222,335
Natural gas expenses	105,334
Water expenses	60,638
Sewer expenses	56,186
Total Operating Expenses	444,493
<b>Operating Income/(Loss)</b>	(101,109)
<b>Nonoperating Revenues (Expenses)</b>	
Gain on sale of capital assets	3,000
Interest earnings	521
Total Nonoperating Revenues (Expenses)	3,521
<b>Income Before Contributions and Transfers</b>	(97,588)
Capital Contributions - State grant	20,000
<b>Change in Net Position</b>	(77,588)
<b>Total Net Position-Beginning</b>	1,827,156
<b>Total Net Position-Ending</b>	\$ 1,749,568

The accompanying notes are an integral part of this statement.

**Village of Morganza, Louisiana**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u> <u>ENTERPRISE FUND</u> <u>Public Utilities</u>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers and users	\$ 349,081
Payments to suppliers	(251,350)
Payments to employees	(110,912)
Net Cash Provided (used) by Operating Activities	<u>(13,181)</u>
<b>Cash Flows From NonCapital Financing Activities</b>	
Proceeds from state grant	25,000
Decrease in due from General Fund	1,983
Increase in amount due to other governments	5,480
Increase in customer meter deposits liability	910
Net Cash Provided (used) by Noncapital Financing Activities	<u>33,373</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Proceeds from state grant	25,000
Proceeds from sale of capital assets	3,000
Purchases of capital assets	(70,490)
Principal payments on capital lease payable	(10,970)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>(53,460)</u>
<b>Cash Flows From Investing Activities</b>	
Proceeds from sale of investments	150,000
Investment income	521
Net Cash Provided (used) by Investing Activities	<u>150,521</u>
Net Increase (decrease) in Cash and Cash Equivalents	117,254
Cash and Cash Equivalents, Beginning of Year	341,087
Cash and Cash Equivalents, End of Year	<u><u>458,341</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities</b>	
Operating income/(loss)	(101,109)
Depreciation expense	88,459
Adjustments:	
(Increase) decrease in accounts receivable	5,698
(Increase) decrease in prepaid expenses	(10,078)
Increase (decrease) in accounts payable	(2,143)
Increase (decrease) in payroll liabilities	(1,058)
Increase (decrease) in compensated absences payable	7,051
Total Adjustments	<u>(531)</u>
Net Cash Provided (used) by Operating Activities	<u><u>(13,181)</u></u>
<b>Cash and Cash Equivalents, Beginning of Year:</b>	
Unrestricted	\$ 314,116
Restricted	26,971
	<u>\$ 341,087</u>
<b>Cash and Cash Equivalents, End of Year:</b>	
Unrestricted	\$ 430,351
Restricted	27,991
	<u>\$ 458,341</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 Village of Morganza is located in Pointe Coupee Parish with a geographic area of approximately six square miles. The estimated population as of July 1, 1997 was 759. The Village employs six full-time employees. The Village provides natural gas, water and sewer services to the citizens of Morganza and maintains 20 miles of streets.

The Village's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village are discussed below.

**Reporting Entity**

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the 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. The criteria provided by the Codification, Section 2100 has been considered and as a result, the financial statements only include the primary government.

**Basic Financial Statements – Government-Wide Statements**

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police, public works, and general administrative services are classified as governmental activities. The Village's natural gas, water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (police, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, franchise taxes and certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or franchise taxes, intergovernmental revenues, interest income, etc).

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

The Village does not allocate indirect costs. As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this rule are charges between the Village's natural gas, water, and sewer functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

**Basic Financial Statements – Fund Statements**

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASBS No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

*Governmental Funds:*

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Village reports these major governmental funds and fund types:

General Fund - is the Village's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.

The activities reported in this fund are reported as governmental activities in the government-wide financial statements.

*Proprietary Funds:*

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Village reports the following proprietary fund types:

Enterprise Fund - is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Public Utility Enterprise fund operates the Village's natural gas distribution system, water distribution system and its sewer system, which serves Village residents.

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

**Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Impact of Recently Issued and Adopted Accounting Principles**

In December 2010, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components, assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

**Budgets**

The Village uses the following budget practices:

- Budgets are prepared for the General Fund and Enterprise Fund on the GAAP Basis and appropriations (unexpended budget balances) lapse at year end.
- A notice of the proposed operating budgets is 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.
- There were no budget amendments made during the fiscal year.

**Accounting Estimates**

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

**Deferred Outflows of Resources**

The Village reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. No deferred outflows of resources affect the government wide or proprietary funds financial statements in the current year.

**Deferred Inflows of Resources:**

The Village's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The Village did not have deferred inflows of resources to report in its government-wide or proprietary fund financial statements for the current year.

**Property Taxes**

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 1 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 by the parish tax collector.

**Cash, Cash Equivalents, and Investments**

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

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

State statutes authorize the Village of Morganza, Louisiana to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value.

**Accounts Receivable and Bad Debts**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible (allowance method).

**Inventories and Prepaid Items**

Inventory of pumps for the sewer system are recorded as expenses when installed. Inventories for all other supplies are immaterial and are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and enterprise fund financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Purchased and constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on specific project related debt, during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. During the current year, the Village did not have any projects that required capitalization of interest.

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

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

Capital asset acquisitions are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

**Compensated Absences**

Village employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement, or when sick. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the public utility funds only for amounts that have become due. At June 30, 2013, accumulated unpaid vacation leave is considered material and therefore has been accrued in the financial statements in the amount of \$7,051.

**Fund Equity and Net Position**

Government Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is displayed in three components:

- Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation
- Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

Beginning with fiscal year 2009, the Village of Morganza implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications described the relative strength of the spending constraints placed on the purposes for which resources can be used:

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that can be spent only for specific purposes because of the Village Charter, Village Code, state or federal laws, or externally imposed conditions by grantors or creditors
- Committed – Amounts that can be used only for specific purposes determined by a formal action by Village ordinance or resolution.
- Assigned – Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Village Board of Aldermen
- Unassigned – All amounts not included in other spendable classifications.

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

**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.

**NOTE 2 - 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 property taxes levied by the Village. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

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

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

The following is a summary of authorized and levied ad valorem taxes for the year 2012:

Fund	Authorized Millage	Levied Millage	Expiration Date
General Fund	6.33	6.27	Indefinite

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

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Cash and Cash Equivalents:

The following is a summary of cash and cash equivalents at June 30, 2013:

Petty cash/cash on hand	\$	307
Demand deposits		420,775
Bond Mutual Fund		100,058
Total Cash and Cash Equivalents	\$	521,140

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the Village’s deposit may not be returned. Deposits are exposed to custodial credit risk if they are either (a) uninsured and uncollateralized, or (b) uninsured and collateralized with securities held by the pledging financial institution or its trust department/agent but not in the name of the Village. The Village’s cash and investment policy, as well as state law, require that deposits be fully secured by federal deposit insurance or the pledge of securities owned by the bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the bank. The following chart represents bank balances for the Village as of June 30, 2013. Deposits are listed in terms of whether they are exposed to custodial credit risk.

	Uninsured & Uncollateralized	Federal Deposit Insurance	Uninsured & Collateralized With Securities Held By Pledging Institution or its Trust Department/Agent But Not in Entity's Name	Government Backed	Total Bank Balances All Deposits	Total Carrying Value All Deposits	
Cash and cash equivalents	\$ 23.813	\$ 401.262	\$ -	\$ 100.058	\$ 525.132	\$ 520.833	

Investments:

The Village held no investments at June 30, 2013

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

**NOTE 4 - RECEIVABLES**

Receivables at June 30, 2013 consist of the following:

	General Fund	Public Utility	Total
Tax and license -			
Franchise taxes	\$ 4,202	\$ -	\$ 4,202
Occupational license	4,773	-	4,773
Intergovernmental -			
Louisiana -			
Beer and video poker tax	1,157	-	1,157
Grants (CWEF/LGAP)	-	25,000	25,000
Utility Customers -			
Accounts	-	55,979	55,979
Total Gross Receivables	10,132	80,979	91,111
Less: Allowance for uncollectible accounts	-	(15,000)	(15,000)
Totals	\$ 10,132	\$ 65,979	\$ 76,111

**NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE BALANCES**

Interfund loans receivable are considered "available spendable resources."

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/payables between funds. At June 30, 2013 Due to/from balances were \$0.

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance <u>7/1/2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2013</u>
<b>Governmental Activities</b>				
Non-depreciable:				
Land	2,000	0	0	2,000
Total Non-depreciable	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>2,000</u>
Depreciable:				
Buildings	58,426			58,426
Equipment	97,369	845	(3,103)	95,111
Furniture and fixtures	5,979		(3,677)	2,302
Vehicles	51,190			51,190
Infrastructure	15,000			15,000
Total Depreciable	<u>227,964</u>	<u>845</u>	<u>(6,780)</u>	<u>222,029</u>
Less: Accumulated depreciation				
Buildings	6,315	1,153		7,467
Equipment	79,695	3,960	(3,103)	80,552
Furniture and fixtures	5,544	195	(3,677)	2,062
Vehicles	46,374	4,816		51,190
Infrastructure	3,577	600		4,177
Total accumulated depreciation	<u>141,503</u>	<u>10,724</u>	<u>(6,780)</u>	<u>145,448</u>
Total Depreciable, Net	<u>86,461</u>			<u>76,581</u>
Governmental Activities Capital Assets, net	<u><u>\$88,461</u></u>			<u><u>\$78,581</u></u>

Depreciation expense charged to functions of the primary government as follows:

General government	\$ 1,811
Public safety - police	6,568
Public works	<u>2,345</u>
	<u><u>\$ 10,724</u></u>

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

	<u>Balance</u> <u>7/1/2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2013</u>
<b>Business-type Activities</b>				
Non-depreciable				
Land	\$ 30,610	\$ -	\$ -	\$ 30,610
Construction in progress	-	-	-	-
Total	30,610	-	-	30,610
Depreciable:				
Improvements	16,553	-	-	16,553
Buildings	11,291	-	-	11,291
Utility systems	2,653,455	-	-	2,653,455
Equipment	91,484	-	(950)	90,534
Furniture and fixtures	1,558	845	-	2,403
Vehicles	51,023	69,645	(31,993)	88,675
Total Depreciable	2,825,365	70,490	(32,943)	2,862,911
Less: Accumulated depreciation				
Improvements	15,421	1,132	-	16,553
Buildings	5,951	284	-	6,234
Utility systems	1,450,164	68,268	-	1,518,432
Equipment	46,869	10,046	(950)	55,965
Furniture and fixtures	1,558	28	-	1,586
Vehicles	51,023	8,702	31,993)	27,731
Total Accumulated depreciation	1,570,985	88,459	32,943)	1,626,501
Total Depreciable, net	1,254,380			1,236,410
Business-type Activities Capital Assets, net	\$ 1,284,990			\$ 1,267,020

Depreciation expense charged to functions of the primary government as follows:

Public Utility:	
General and administrative	\$ 2,831
Natural gas	6,288
Water	38,716
Sewer	40,625
	\$ 88,459

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

**NOTE 7 – CAPITAL LEASE PAYABLE**

On June 20, 2012, the Village entered into a municipal lease agreement with Crawler Supply Co., LLC. for the lease purchase 2006 Case Loader/Backhoe. The total cost of the equipment was \$35,970 of which \$25,000 was paid in cash and the remainder financed for twelve months at 0% interest. The terms of the lease are for twelve monthly payments of \$914.17. The lease agreement qualified as a capital lease for accounting purposes (title transfers at the end of the lease term) and therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The lease was paid off during the current fiscal year.

**NOTE 8 - 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. 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, 2013 is \$9,043.

An agreement between the Mosquito Abatement District of the Parish of Pointe Coupee and the Village of Morganza provides for the billing of customers on the Village's system. The amount owed to the Mosquito Abatement District as of June 30, 2013 is \$683.

**NOTE 9 - 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.

**NOTE 10 - 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, 2013, was \$170,785.

The total contribution to the System is 15.3% of taxable payroll of which the Village contribute 7.65% and employees contribute 7.65% each. For the year ended June 30, 2013, the Village contributed \$13,065 to the System.

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

**Municipal Employees' Retirement System of Louisiana (System) -**

**Plan Description:** The System is composed of two distinct plans. Plan A and Plan B, with separate assets and benefit provisions. Some employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

**Funding Policy:** Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Village of Morganza is required to contribute at an actuarially determined rate. The rate was 8% of annual covered payroll. The contribution requirements of plan members and the Village of Morganza are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Morganza contributions to the System under Plan B for the years ending June 30, 2013, 2012, and 2011, were \$7,267, \$7,206, and \$6,025, respectively, equal to the required contributions for each year.

**NOTE 11 - RISK MANAGEMENT**

The Village is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, health of and/or injury to employees, natural disasters, and owners and contractors protective liability.

The Village is currently a member in Louisiana Municipal Risk Management Agency (LMRMA), formed under Louisiana Act No. 462 of 1979 to provide a program of workers' compensation, accident and health, and public liability coverage for its member organizations. In accordance with Revised Statute 33:1341-1350, all local government subdivisions in the State of Louisiana are eligible to participate. The LMRMA Public Liability Fund's general objectives are to formulate, develop, and administer, on behalf of the member local governmental subdivisions, a program of inter-local risk management, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Local governmental subdivisions joining the Fund must be members of the Louisiana Municipal Association; a member may withdraw from the Fund by giving proper notice. Fund underwriting and rate-setting policies have been established by the Board of the Fund after consultation with

VILLAGE OF MORGANZA, LOUISIANA  
Notes to Financial Statements

actuaries. If the assets of the Fund were to be exhausted, members would only be responsible to their respective outstanding claims. The Village participates in the workers' compensation and public liability programs.

The Village purchases commercial insurance for all other risks of loss. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in coverage from amounts held in prior year.

The Village has contracted with Louisiana Municipal Risk Management Agency to provide liability coverage for general acts, law enforcement, and public officials' errors and omissions. In addition, the Village has contracted with a commercial insurance company to provide liability coverage on vehicles. At June 30, 2013, no significant claims were owed and no liability has been recorded.

**NOTE 12 - SUBSEQUENT EVENTS**

Management for the Village of Morganza has evaluated events or transactions occurring after the balance sheet date through December 18, 2013.

**NOTE 13 - 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	- Salvador J. Tuminello	\$4,200
Council Members	- John Mitch Langlois	2,400
	- Carmella Guedry	2,400
	- Stephanie Savoy	2,400
		<hr/> \$11,400 <hr/> <hr/>

## **REQUIRED SUPPLEMENTARY INFORMATION (Part II)**

The following Budgetary Comparison Schedule - General Fund is required by GASB 34. The schedule presents the original adopted budget and final budget for the fiscal year and compares the final budget to actual operations of the Town.

State Law requires the Village to amend its budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the year ended June 30, 2013, actual revenues were 89 % and actual expenditures were 68% of the final adopted budget.

**Village of Morganza, Louisiana  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Over(Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 80,400	\$ 80,400	\$ 87,381	\$ 6,981
Intergovernmental	33,900	33,900	12,555	(21,345)
Charges for services	9,600	9,600	2,110	(7,490)
Fines and forfeitures	12,300	12,300	10,610	(1,690)
Licenses and permits	17,550	17,550	25,395	7,845
Miscellaneous	3,300	3,300	1,282	(2,018)
<b>Total Revenues</b>	<b>157,050</b>	<b>157,050</b>	<b>139,334</b>	<b>(17,716)</b>
<b>Expenditures</b>				
Current:				
General government	67,785	67,785	50,069	17,716
Police	45,220	45,220	33,659	11,561
Streets	55,489	55,489	50,037	5,452
Health and welfare	8,150	8,150	798	7,352
Capital outlays	25,000	25,000	845	24,155
<b>Total Expenditures</b>	<b>201,644</b>	<b>201,644</b>	<b>135,407</b>	<b>66,237</b>
Excess of Revenues Over/(Under) Expendit	(44,594)	(44,594)	3,927	48,521
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
<b>Total Other Financing Sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(44,594)</b>	<b>(44,594)</b>	<b>3,927</b>	<b>48,521</b>
<b>Fund Balance Beginning of Year</b>	<b>72,439</b>	<b>72,439</b>	<b>63,521</b>	<b>(8,918)</b>
<b>Fund Balance End of Year</b>	<b>\$ 27,845</b>	<b>\$ 27,845</b>	<b>\$ 67,447</b>	<b>\$ 39,602</b>

**Notes to the Schedule**

- (1) Budget utilizes the modified accrual basis of accounting (GAAP)
- (2) The budget was not amended
- (3) Budget reflects excess expenditures over revenues due to current operating costs and capital outlays

**OTHER REPORTS REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on internal control and on compliance with laws and regulations and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the basic financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

**W. Kathleen Beard, CPA, LLC**  
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**Bueche, LA 70729**

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

To the Honorable Mayor Salvador J. Tuminello, Mayor  
and Members of the Board of Aldermen  
Village of Morganza, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Village of Morganza, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued my report thereon dated December 18, 2013.

***Internal Control Over Financial Reporting***

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control over, described in the accompanying schedule of findings and responses, noted as items 2013-1, that I consider to be significant deficiencies.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year findings and responses as items 2013-1.

### **Village of Morganza, Louisiana's Response to Findings**

The Village of Morganza, Louisiana's response to the findings identified in my audit is described in the accompanying schedule of current year findings and responses. The Village of Morganza, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***W. Kathleen Beard***

Certified Public Accountant  
Bueche, Louisiana  
December 18, 2013

**Village of Morganza, Louisiana  
Schedule of Findings and Responses  
For the Year Ended June 30, 2013**

**Summary of Audit Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

- Material Weaknesses  Yes  No
- Significant Deficiency identified that is not considered to be material weaknesses  Yes  None reported

Noncompliance Material to the Financial Statements  Yes  None reported

**Federal Awards**

N/A - Federal awards below \$500,000 thresh hold required by OMB Circular A-133

**Management Letter**

No management letter was issued

**Village of Morganza, Louisiana**  
**Schedule of Current Year Findings and Responses**  
**For the Year Ended June 30, 2012**

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**Section I – Findings – Financial Reporting**

2013-1 Violation of State Banking Laws R.S 39:1211, Et Seq.

Condition: Fiscal agent bank failed to maintain adequate deposit collateral to secure the deposits in excess of federal deposit insurance resulting in unsecured deposits of \$23,813.

Criteria: In the case of public banking laws, collateral is the security fiscal agents must provide to secure the deposits of public entities. If anything happens to those deposits, the security will be tendered to the public entity so that no public funds are lost. Deposits over \$250,000 maximum Federal Deposit Insurance for the combined amount of all interest-bearing and noninterest bearing demand deposit accounts and \$250,000 maximum Federal Deposit Insurance for the combined amount of all time and savings accounts (including NOW accounts) must be secured by deposit collateral.

Cause: The fiscal agent bank failed to classify one of the demand deposit accounts as public funds which put the combined account balances of non-interest bearing demand deposits over the \$250,000 maximum for federal deposit insurance coverage.

Effect: Noncompliance with legal requirements of the law and exposing the Village to possible risk of loss.

Prospective Information: The fiscal agent bank has recently secured the required deposit collateral.

Recommendation: Village management should continuously monitor deposit collateral from information provided by fiscal agent bank, compared to bank balances to ensure that deposits are adequately covered at all times.

Management's Response and Corrective Action Plan: Management will ensure that the bank will continue to send proof of coverage for these funds, and management will monitor these accounts to ensure that the coverage is adequate.

**Village of Morganza, Louisiana**  
**Summary Schedule and Resolution of Prior Year Findings**

**Findings - Financial Reporting**

2012-1 Violation of Louisiana Revised Statute 2212.1 (Public Bid Law) related to purchase of materials and supplies.

Condition: Equipment costing \$35,970 was purchased without public advertisement.

Criteria: LRS 2212.1 requires that all purchases of any materials or supplies exceeding the sum of \$30,000 to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised.

Cause: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control over the purchase of materials and supplies to determine legal requirements related to specific thresholds provided by the law.

Effect: Noncompliance with legal requirements of the law possibly resulting in lack of adequate competition in the marketplace.

Prospective Information: Procedures used to determine pricing included obtaining three written quotes from local vendors.

Recommendation: Design procedures to ensure that provisions of the "Public Bid Law" are complied with in the purchase of material and supplies.

Management's Response: The purchase was obtained through a \$25,000 LGAP grant with a balance due to Crawler Supply of \$10,970. We did receive three quotes however did not advertise in the official journal because we financed the remaining balance and were not certain how to apply the law in this situation.

In the future we will follow the Municipal Handbook Procedure Manual to ensure that these provisions are complied with.

Current Status: The finding has been resolved.

**Management Letter**

No management letter was issued