

VILLAGE OF MORGANZA, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

**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

Member
American Institute of CPA's
Louisiana Society of CPA's

Email:Kbeardcpa@Yahoo.com
Telephone: (225) 627-4537
FAX: (225) 627-4584

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities and business-type activities of the **Village of Morganza, Louisiana**, as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with accepted auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of the Village of Morganza, Louisiana as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 31, 2012 on my consideration of the Village of Morganza, Louisiana's internal control structure and on its compliance with laws and regulations. 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 considered in assessing the result of my audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 and budgetary comparison information on page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, 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.

W. Kathleen Beard, CPA

October 31, 2012

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.

Village of Morganza, Louisiana
Management's Discussion and Analysis
June 30, 2012

INTRODUCTION

This annual report consists of -

- Our independent auditor's report on the financial statements in which she rendered an unqualified 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, 2012. 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 assets decreased by \$71,816 from \$2,059,864 in 2011 to \$1,988,047 in 2012
- Governmental revenues decreased from \$144,924 to \$144,917
- Utility operating revenues decreased from \$364,824 to \$332,805
- Cash and investments decreased by \$73,072 for the year ended June 30, 2012

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 Assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 Assets 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 Assets 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 Assets 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 assets 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 \$1,938,047.

The Village's total assets are composed of \$658,091 (31.66%) in cash, investments, and receivables and \$1,373,450 (66.08%) 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 \$625,566 to be used in future operations and acquisition of new capital assets that will improve the operations of the Village.

Statement of Net Assets

	Governmental Activities	Business-type Activities	Total 2012	Total 2011	% Change
Current and other assets	\$ 104,224	\$ 573,884	\$ 678,108	\$ 703,838	-3.66%
Noncurrent assets	88,461	1,311,960	1,400,421	1,425,160	-1.74%
Total assets	<u>192,685</u>	<u>1,885,844</u>	<u>2,078,529</u>	<u>2,128,998</u>	-2.37%
Current and other liabilities	31,794	31,603	63,397	18,206	248.22%
Noncurrent liabilities	0	27,085	27,085	27,505	
Total liabilities	<u>31,794</u>	<u>58,688</u>	<u>90,482</u>	<u>45,711</u>	97.94%
Net assets -					
Invested in capital assets, net of related debt	88,461	1,274,020	1,362,481	1,397,950	-2.54%
Unrestricted	72,430	553,136	625,566	685,337	-8.72%
Total net assets	<u>\$ 160,891</u>	<u>\$ 1,827,156</u>	<u>\$ 1,988,047</u>	<u>\$ 2,083,287</u>	-4.57%

(continued on next page)

The Village's total revenues increased by \$54,313 from \$523,564 in 2011 to \$578,177 in 2012.

Total expenses increased by \$39,647 from \$610,346 in 2011 to \$649,993 in 2012.

Changes in Net Assets

	Governmental Activities	Business-type Activities	Total 2012	Total 2011	% Change
Revenues:					
Program revenues -					
Charges for services	\$ 44,357	\$ 321,395	\$ 365,752	\$ 415,784	-12.03%
Operating grants and contributions		50,000	50,000	0	
Capital grants and contributions		50,000	50,000	5,830	757.63%
General revenues -					
Property taxes	14,697		14,697	14,415	1.96%
Sales taxes	57,715		57,715	51,426	12.23%
Franchise taxes	17,503		17,503	20,875	-16.15%
Intergovernmental	8,867		8,867	10,240	-13.41%
Other general revenues	1,777	11,410	13,187	5,294	149.09%
Investment earnings		560	560		
Loss on disposal of capital assets	(104)		(104)	0	
Total revenues	144,812	433,365	578,177	523,864	10.37%
Functions/Program expenses -					
General government	66,410	203,855	270,265	266,363	1.46%
Public safety	56,278		56,278	54,747	2.80%
Streets	54,309		54,309	45,872	18.39%
Health and welfare	682		682	8,458	-91.94%
Utility operations		251,839	251,839	234,906	7.21%
Bad debts written off		16,620	16,620	0	
Total expenses	177,679	472,314	649,993	610,346	6.50%
Increase (Decrease) in net assets	\$ (32,867)	\$ (38,949)	\$ (71,816)	\$ (86,482)	-16.96%
Beginning net assets	193,758	1,866,106	2,059,864	2,169,769	-5.07%
Ending net assets	<u>\$ 160,891</u>	<u>\$ 1,827,157</u>	<u>\$ 1,988,048</u>	<u>\$ 2,083,287</u>	<u>-4.57%</u>

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	FYE 2012 Amount	Percent of Total	FYE 2011 Amount	Increase (Decrease) from FYE 2011	Percent Increase (Decrease)
Taxes	\$ 89,915	62.05%	\$ 86,716	\$ 3,199	3.69%
Intergovernmental	10,997	7.59%	10,240	757	7.39%
Charges for services	0	0.00%	2,130	(2,130)	-100.00%
Fines and forfeitures	13,680	9.44%	16,979	(3,299)	-19.43%
Licenses and permits	28,547	19.70%	24,143	4,404	18.24%
Miscellaneous	1,777	1.23%	4,716	(2,939)	-62.32%
Total Revenues	\$ 144,917	100.00%	\$ 144,924	\$ (8)	-0.01%

Expenditures	FYE 2012 Amount	Percent of Total	FYE 2011 Amount	Increase (Decrease) from FYE 2011	Percent Increase (Decrease)
General government	\$ 65,777	40.04%	\$ 61,364	\$ 4,413	7.19%
Police	44,584	27.14%	46,632	(2,048)	-4.39%
Street	53,252	32.41%	42,249	11,003	26.04%
Health and welfare	682	0.42%	750	(68)	-9.07%
Capital outlay	0	0.00%	9,838	(9,838)	-100.00%
Total Expenditures	\$ 164,295	100.00%	\$ 160,833	\$ 3,462	2.15%

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 budgeted revenues were for \$4,477 increased from actual revenues. Current expenditures were \$9,167 less than the original budget. Capital Outlays were not purchased 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.

The Proprietary - Public Utility Fund budgetary charged revenues were decreased to \$18,195. Natural gas charges because of assumption decreases and water charges were increased by \$18,500. State grants increased \$30,000 from original budget of \$20,000.

Operating expenses were \$100,744 under that the original budget because of decreases in salaries/benefits, natural gas purchased, and water tower maintenance.

Capital Assets

At June 30, 2012 and 2011, the Village had \$1,373,450 and \$2,366,320, respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment.

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,000	\$ 2,000	\$ 30,610	\$ 30,610	\$ 32,610	\$ 32,610
Buildings	52,111	53,264	5,340	5,905	57,451	59,169
Improvements other than buildings			1,133	2,514	1,133	2,514
Machinery and equipment	17,676	22,283	44,616	8,624	62,292	30,907
Furniture and fixtures	434	724	0	0	434	724
Vehicles	4,816	10,628			4,816	10,628
Infrastructure	11,423	12,023			11,423	12,023
Utility property			1,203,291	1,249,376	1,203,291	1,249,376
Totals	\$ 88,460	\$ 100,922	\$ 1,284,990	\$ 1,297,029	\$ 1,373,450	\$ 1,397,951

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

- \$ 26,138 - CWF grant move 2" to 6" water line
- \$ 35,970 - New backhoe purchased with some of LCAP grant
- \$ 2,635 - Purchase of pipe and cable locator

Further detail on capital assets is presented in Note 7 on page 24.

Economic Factors and Next Year's Budgets and Rates

The budget adopted for the fiscal year ending June 30, 2013 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 (81.74%). Therefore, governmental activities are impacted by the economic growth of the area.

The Public Utility Systems shows a negative return of 8.78% on operating revenues which has been a continuing trend over the past four 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 George Delaune, Financial Consultant at 113 West Railroad Avenue, Morganza, LA (225) 694-3655, fax (225) 694-2472.

BASIC FINANCIAL STATEMENTS

Village of Morganza, Louisiana
Statement of Net Assets
June 30, 2012

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 84,242	\$ 314,116	\$ 398,358
Investments	-	150,000	150,000
Receivables (net of allowances for uncollectibles)	11,073	96,677	107,750
Due from other funds	-	1,983	1,983
Inventory	-	7,821	7,821
Prepaid Items	8,909	3,287	12,196
Total current assets	<u>104,224</u>	<u>573,884</u>	<u>678,108</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	-	26,971	26,971
Capital assets:			
Nondepreciable	2,000	30,610	32,610
Depreciable, net of accumulated depreciation	86,461	1,254,380	1,340,841
Total capital assets	<u>88,461</u>	<u>1,284,989</u>	<u>1,373,450</u>
Total noncurrent assets	<u>88,461</u>	<u>1,311,960</u>	<u>1,400,421</u>
TOTAL ASSETS	<u><u>\$ 192,685</u></u>	<u><u>\$ 1,885,844</u></u>	<u><u>\$ 2,078,529</u></u>
LIABILITIES			
Current Liabilities:			
Accounts, salaries, and other payables	\$ 6,389	\$ 16,387	\$ 22,776
Due to other funds	1,983	-	1,983
Due to other governments	23,423	4,246	27,669
Capital leases payable	-	10,970	10,970
Total current liabilities	<u>31,794</u>	<u>31,603</u>	<u>63,397</u>
Non-Current Liabilities:			
Payable from Restrctd Asses -			
Customer meter deposits	-	27,085	27,085
Total liabilities payable from restricted assets	<u>-</u>	<u>27,085</u>	<u>27,085</u>
TOTAL LIABILITIES	<u>31,794</u>	<u>58,688</u>	<u>90,482</u>
NET ASSETS			
Invested in capital assets, net of related debt	88,461	1,274,020	1,362,481
Restricted for -			
Prepays	8,909	-	8,909
Unrestricted	63,521	553,136	616,657
TOTAL NET ASSETS	<u><u>\$ 160,891</u></u>	<u><u>\$ 1,827,156</u></u>	<u><u>\$ 1,988,047</u></u>

The accompanying notes are an integral part of this statement.

Village of Morganza, Louisiana
Statement of Activities
For the Year Ended June 30, 2012

	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	
Governmental Activities							
General government	\$ 66,410	\$ -	\$ -	\$ (37,863)	\$ (37,863)	\$ -	\$ (37,863)
Public safety	56,278	-	-	(42,598)	(42,598)	-	(42,598)
Public works	54,309	-	-	(52,179)	(52,179)	-	(52,179)
Health and welfare	682	-	-	(682)	(682)	-	(682)
Total Governmental Activities	177,679	-	-	(133,322)	(133,322)	-	(133,322)
Business-type Activities							
General and administrative	138,384	-	-	(138,384)	-	(138,384)	(138,384)
Natural Gas	103,898	-	8,333	79,872	-	79,872	79,872
Water	120,013	50,000	33,333	36,759	-	36,759	36,759
Sewer	93,400	-	8,333	(12,547)	-	(12,547)	(12,547)
Bad debts written off	16,620	-	-	(16,620)	-	(16,620)	(16,620)
Total Business-type Activities	472,314	50,000	50,000	(50,919)	-	(50,919)	(50,919)
Total Primary Government	\$ 649,993	\$ 50,000	\$ 50,000	\$ (184,241)	\$ (133,322)	\$ (50,919)	\$ (184,241)
General Revenues:							
Property taxes					\$ 14,697	\$ -	\$ 14,697
Sales taxes					57,715	-	57,715
Franchise taxes					17,503	-	17,503
Intergovernmental					8,867	-	8,867
Other general revenues					1,777	11,410	13,187
Investment earnings					-	560	560
Gain/(Loss) on disposal of capital assets					(104)	-	(104)
Total general revenues and transfers					100,455	11,970	112,425
Change in Net Assets					(32,867)	(38,949)	(71,816)
Net assets-beginning (restated)					193,758	1,866,106	2,059,864
Net assets-ending					\$ 160,891	\$ 1,827,156	\$ 1,988,047

The accompanying notes are an integral part of this statement.

**Village of Morganza, Louisiana
Balance Sheet
Governmental Funds
June 30, 2012**

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS		
Cash and cash equivalents	\$ 84,242	\$ 84,242
Receivables -		
Taxes	9,922	9,922
From other governments	1,151	1,151
TOTAL ASSETS	\$ 95,315	\$ 95,315
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts, salaries, and other payables	\$ 6,389	\$ 6,389
Due to other funds	1,983	1,983
Due to other governments	23,423	23,423
Total Liabilities	31,794	31,794
Fund balances:		
Unassigned	63,521	63,521
Total Fund balances	63,521	63,521
TOTAL LIABILITIES AND FUND BALANCES	\$ 95,315	

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

Prepaid items for insurance premiums are noted in governmental activities	8,909
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$141,503	88,461
	157,370
Net Assets of Governmental Activities (Statement A)	\$ 160,891

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, 2012

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
Taxes:		
Ad valorem	\$ 14,697	\$ 14,697
Sales and use	57,715	57,715
Other taxes, penalties, interest, etc.	17,503	17,503
Licenses and permits	28,547	28,547
Intergovernmental revenues:		
State funds:		
Beer and video poker taxes	8,867	8,867
Fees, charges, and commissions for services	2,130	2,130
Other	-	-
Fines and forfeitures	13,680	13,680
Other revenues	1,777	1,777
Total Revenues	144,917	144,917
EXPENDITURES		
General government	65,777	65,777
Public safety	44,584	44,584
Public works	53,252	53,252
Health and welfare	682	682
Total Expenditures	164,294	164,294
Net Change in Fund Balance	(19,378)	(19,378)
Fund balances -- beginning (Restated)	82,898	
Fund balances -- ending	\$ 63,521	

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

Net Change in Fund Balances, Total Governmental Funds -

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

Prepaid items	(1,028)
Depreciation expense	(12,357)
Gain/(Loss) on disposal of capital assets	(104)

Net Assets of Governmental Activities (Statement B)	\$ (32,867)
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The accompanying notes are an integral part of this statement.

Village of Morganza, Louisiana
Statement of Net Assets, Proprietary Funds
June 30, 2012

		BUSINESS-TYPE ACTIVITIES
		ENTERPRISE FUND Public Utilities
ASSETS		
Current Assets:		
Cash and cash equivalents	\$	314,116
Investments		150,000
Receivables (net of allowances for uncollectibles)		96,677
Due from General Fund		1,983
Inventory		7,821
Prepaid items		3,287
Total Current Assets		573,884
Non-Current Assets:		
Restricted assets - cash and cash equivalents		26,971
Capital assets:		
Nondepreciable		30,610
Depreciable		2,825,365
Accumulated depreciation		(1,570,985)
Total Capital Assets		1,284,990
Total Non-Current Assets		1,311,960
TOTAL ASSETS		1,885,844
LIABILITIES		
Current Liabilities:		
Accounts, salaries, and other payables	\$	16,387
Due to other governments		4,246
Capital lease payable		10,970
Total Current Liabilities		31,603
Non Current Liabilities:		
Payable from Restricted Assets:		
Customer meter deposits		27,085
Total Non-Current Liabilities		27,085
TOTAL LIABILITIES		58,688
NET ASSETS		
Invested in capital assets, net of related debt		1,274,020
Unrestricted		553,136
TOTAL NET ASSETS	\$	1,827,156

The accompanying notes are an integral part of this statement.

Village of Morganza, Louisiana
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2012

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
	Public Utilities
Operating Revenues	
Charges for services:	
Gas charges	\$ 175,437
Water charges	73,438
Sewer charges	72,520
Penalties	8,121
Miscellaneous	3,289
Total Operating Revenues	332,805
Operating Expenses	
General and administrative	138,384
Natural gas expenses	103,898
Water expenses	120,013
Sewer expenses	93,400
Total Operating Expenses	455,695
Operating Income/(Loss)	(122,890)
Nonoperating Revenues (Expenses)	
Contributions - State grant	50,000
Interest earnings	560
Bad debt expense	(16,620)
Total Nonoperating Revenues (Expenses)	33,940
Income Before Contributions and Transfers	(88,949)
Capital Contributions - State grant	50,000
Change in Net Assets	(38,949)
Total Net Assets-Beginning	1,866,106
Total Net Assets-Ending	\$ 1,827,156

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, 2012

STATEMENT G

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND Public Utilities
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 344,756
Payments to suppliers	(259,847)
Payments to employees	(112,784)
Net Cash Provided (used) by Operating Activities	(27,875)
Cash Flows From NonCapital Financing Activities	
Prior period adjustment	102
Proceeds from state grant	50,000
Increase in Due from State of LA	(25,000)
Decrease in amount due to other governments	547
Decrease in customer meter deposits liability	420
Net Cash Provided (used) by Noncapital Financing Activities	26,069
Cash Flows From Capital and Related Financing Activities	
Proceeds from state grant	50,000
Increase in due from State of LA	(25,000)
Purchases of capital assets	(64,744)
Increase in Capital lease payable	(10,970)
Net Cash Provided (used) by Capital and Related Financing Activities	(50,714)
Cash Flows From Investing Activities	
Purchase of investments	(150,000)
Interest and dividends received	560
Net Cash Provided (used) by Investing Activities	(149,440)
Net Increase (decrease) in Cash and Cash Equivalents	(201,960)
Cash and Cash Equivalents, Beginning of Year	543,047
Cash and Cash Equivalents, End of Year	341,087
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities	
Operating income	(122,890)
Depreciation expense	76,783
Adjustments:	
(Increase) decrease in accounts receivable	11,953
(Increase) decrease in due from General Fund	(1,986)
Increase (decrease) in accounts payable	7,780
Increase (decrease) in payroll liabilities	485
Total Adjustments	18,232
Net Cash Provided by Operating Activities	(27,875)
Listing of Noncash Investing, Capital, and Financial Activities	
Borrowing under capital leases	\$ 10,970

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting 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 \$350 per month and each Council Member \$200 per month. The Village of Morganza is located in Pointe Coupee Parish with a geographic area of approximately six square miles. The estimated population as of July 1, 1997 was 759. The Village employs six full-time employees. The Village serves 456 gas customers, 338 water customers, and 299 sewer customers; and maintains 20 miles of streets.

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.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Village's net assets are reported in two parts - invested in capital assets, net of related debt; and unrestricted net assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when a payment is due.

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

The Village reports the following major proprietary fund:

The *Public Utility Fund* accounts for the operations of providing natural gas, water, and sewer services to the residents and business establishments of the Village.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise fund, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

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.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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.

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 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.
- 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.*

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.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

Cash, Cash Equivalents, and Investments

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

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

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

Accounts Receivable and Bad Debts

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.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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.

Compensated Absences

Village employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. 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 governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability. At June 30, 2012, accumulated unpaid vacation and sick leave is considered immaterial and therefore not accrued in the financial statements.

Fund Equity and Net Assets

Government Wide and Proprietary Fund Net Assets

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

- Invested in capital assets, net of related debt – 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 assets – 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 assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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.

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.

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 2011:

Fund	Authorized Millage	Levied Millage	Expiration Date
General Fund	7.00	6.33	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.

NOTE 3 – DEPOSITS AND INVESTMENTS

The following is a summary of cash and cash equivalents at June 30, 2012:

Petty cash/cash on hand	\$ 285
Demand deposits	324,662
Bond Mutual Fund	<u>100,382</u>
Total Cash and Cash Equivalents	<u>\$ 425,329</u>

These deposits are stated at cost, which approximates market. Under state statutes, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2012, the Village has \$355,691 in deposits (collected bank balances). These deposits are secured from risk by \$355,691 of federal deposit insurance.

Deposits also consists of \$100,382 invested in the JP Morgan Short Duration Bond Mutual Fund which consists of investments in obligations of the United States Government.

At June 30, 2012, the Village held investments which consisted of a certificate of deposit reported at a cost of \$150,000 earning interest at a rate of .55% for a term of 3 years. The investment is fully insured by FDIC.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - RECEIVABLES

Receivables at June 30, 2012 consist of the following:

	General Fund	Public Utility	Total
Tax and license -			
Franchise taxes	\$ 3,731	\$ -	\$ 3,731
Occupational license	6,191	-	6,191
Intergovernmental -			
Louisiana -			
Beer and video poker tax	1,151	-	1,151
Grants (CWEF/LGAP)	-	50,000	50,000
Utility Customers -			
Accounts	-	61,677	61,677
Total Gross Receivables	11,073	111,677	122,750
Less: Allowance for uncollectible accounts	-	(15,000)	(15,000)
Totals	\$ 11,073	\$ 96,677	\$ 107,750

NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund loans receivable are considered "available spendable resources."

Such balances at June 30, 2012, include Due from (to) are summarized as follows:

Receivable Fund	Payable Fund	Amount
Public Utility	General Fund	\$ 1,983

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.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance <u>7/1/2011</u>	Increases	Decreases	Balance <u>6/30/2012</u>
Governmental Activities				
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	102,081		(4,712)	97,369
Furniture and fixtures	10,060		(4,081)	5,979
Vehicles	51,190			51,190
Infrastructure	15,000			15,000
Total Depreciable	<u>236,757</u>	<u>0</u>	<u>(8,793)</u>	<u>227,964</u>
<i>Less: Accumulated depreciation</i>				
Buildings	5,162	1,153		6,315
Equipment	79,798	4,502	(4,608)	79,693
Furniture and fixtures	9,336	290	(4,081)	5,545
Vehicles	40,562	5,812		46,374
Infrastructure	2,977	600		3,577
Total accumulated depreciation	<u>137,835</u>	<u>12,357</u>	<u>(8,689)</u>	<u>141,503</u>
Total Depreciable, Net	<u>98,922</u>			<u>86,461</u>
Governmental Activities Capital Assets, net	<u>\$100,922</u>			<u>\$88,461</u>

Depreciation expense was charged to functions/activities of the Village as follows:

General government	\$ 1,442
Public safety - police	9,504
Public works	1,410
	<u>\$ 12,357</u>

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

	<u>Balance</u> <u>7/1/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2012</u>
Business-type Activities				
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	2,627,317	26,138	-	2,653,455
Equipment	53,854	38,606	(975)	91,485
Furniture and fixtures	6,323	-	(4,765)	1,558
Vehicles	51,023	-	-	51,023
Total Depreciable	2,766,361	64,744	(5,740)	2,825,365
Less: Accumulated depreciation				
Improvements	14,039	1,381	-	15,420
Buildings	5,386	565	-	5,951
Utility systems	1,377,941	72,223	-	1,450,164
Equipment	45,230	2,614	(975)	46,869
Furniture and fixtures	6,323	-	(4,765)	1,558
Vehicles	51,023	-	-	51,023
Total Accumulated depreciation	1,499,942	76,783	(5,740)	1,570,985
Total Depreciable, net	1,266,419			1,254,380
Business-type Activities Capital Assets, net	\$1,297,029			\$ 1,284,990

Depreciation expense was charged to functions/activities of the Village as follows:

Public Utility:	
General and administrative	\$ 4,560
Natural gas	1,881
Water	33,124
Sewer	37,218
	\$ 76,783

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE 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 qualifies 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.

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, 2012 is \$3,959.

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, 2012 is \$288.

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, 2012, was \$181,370.

The total contribution to the System is 13.3% of taxable payroll of which the Village contribute 7.65% and employees contribute 5.65% each. For the year ended June 30, 2012, the Village contributed \$13,742 to the System.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE 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, 2012, 2011, and 2010, were \$7,206, \$6,025, and \$5,562, respectively, equal to the required contributions for each year.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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 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, 2012, 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 October 31, 2012.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 - PRIOR PERIOD ADJUSTMENT

Fund balance and net assets for the prior period have been restated for the following changes:

	General Fund Fund Balance	Governmental Activities Net Assets
As previously stated -	\$ 106,322	\$ 217,181
Retroactive changes		
Amount due Pointe Coupee Parish for refund of sales tax remitted to the Village in error December 1, 2006 through June 30, 2010	(23,423)	(23,423)
Beginning Fund Balance/Net Assets, restated	\$ 82,898	\$ 193,758

NOTE 14 - 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
		\$11,400

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 it's 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, 2012, actual revenues were 97% and actual expenditures were 94% of the final adopted budget.

**Village of Morganza, Louisiana
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over(Under)
	Original	Final		
Revenues				
Taxes	\$ 81,440	\$ 81,440	\$ 89,915	\$ 8,475
Intergovernmental	9,600	9,600	8,867	(733)
Charges for services	10,600	10,600	2,130	(8,470)
Fines and forfeitures	24,000	24,000	13,680	(10,320)
Licenses and permits	19,300	19,300	28,547	9,247
Miscellaneous	5,100	5,100	1,777	(3,323)
Total Revenues	150,040	150,040	144,917	(5,123)
Expenditures				
Current:				
General government	63,579	63,579	65,777	(2,198)
Police	50,462	50,462	44,584	5,878
Streets	52,320	52,320	53,252	(932)
Health and welfare	8,100	8,100	682	7,418
Total Expenditures	174,461	174,461	164,294	10,167
Excess of Revenues Over/(Under) Expenditures	(24,421)	(24,421)	(19,378)	5,043
Other Financing Sources (Uses)				
Transfers in	30,000	30,000	-	(30,000)
Total Other Financing Sources (uses)	30,000	30,000	-	(30,000)
Net Change in Fund Balance	5,579	5,579	(19,378)	(24,957)
Fund Balance Beginning of Year (Restated)	91,864	91,864	82,898	(8,966)
Fund Balance End of Year	\$ 97,443	\$ 97,443	\$ 63,521	\$ (33,922)

Notes to the Schedule

- (1) Budget utilizes the modified accrual basis of accounting (GAAP)
- (2) The budget was not amended
- (3) The budget reflects excess expenditures over appropriations, an operating transfer from Public Utility Fund was budgeted to compensate for the budget deficit.
- (4) Variances due to non-recognition of mosquito abatement revenue & expenditure off set

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
10191 Bueche Rd.
Bueche, LA 70729

Member
American Institute of CPAs
Louisiana Society of CPAs

Email: Kbeardepa@yahoo.com
Telephone: (225) 627-4537
FAX: (225) 627-4584

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

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

I have audited the financial statements of the governmental activities and business-type activities of the **Village of Morganza, Louisiana**, as of and for the year ended June 30, 2012, and have issued my report thereon dated October 31, 2012. I have 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Morganza, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for a limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies in internal control over financial reporting which are listed as items 2012-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Morganza, Louisiana'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 findings and responses as items 2012-1.

This report is intended for the information of the members of the mayor and board of aldermen of the Village of Morganza, Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

W. Kathleen Beard, CPA

October 31, 2012

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

Summary of Audit Results

Financial Statements

Type of auditor's report issued: Unqualified

Report on Internal Control and Compliance Material to the Financial Statements

Material Weaknesses ___ Yes X No Significant Deficiencies X Yes ___ No

Noncompliance Material to the Financial Statements X Yes ___ No

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

Section I - Internal Control Significant Deficiency and Compliance Material to the Financial Statements

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.

**Village of Morganza, Louisiana
Resolution of Prior Year Findings
For the Year Ended June 30, 2012**

Findings - Financial Statement Audit

No findings

Internal Control Material Weaknesses

No findings

Management Letter

No management letter was issued