

VILLAGE OF MORSE, LOUISIANA

**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
 BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	5
Statement of activities	6
 FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet – governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net position	10
Statement of revenues, expenditures, and changes in fund balances- governmental funds	11
Reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	12
Statement of net position – proprietary fund	13
Statement of revenues, expenses, and changes in fund net position – proprietary fund	14
Statement of cash flows – proprietary fund	15
 Notes to basic financial statements	 16-29
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	32-33
Sales Tax	34
 OTHER SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule-expenditures:	
General Fund	36
 Budgetary comparison schedules	
Water Fund	37
Sewer Fund	38
 Schedule of compensation, benefits, and other payments to agency head or chief executive officer	 39-40
 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with Government Auditing Standards	 41-42
 Schedule of Findings and Corrective Action Plan	 43-50
 Schedule of Corrective Action Taken on Prior Year Findings	 51-53

THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 34 • 801 THE BOULEVARD, SUITE B • RAYNE, LOUISIANA 70578 • (337) 334-7251 FAX (337) 334-7002

INDEPENDENT AUDITOR'S REPORT

The Honorable Ray Richard, Mayor
And the Board of Alderman
Village of Morse
Morse, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Morse, Louisiana, as of and for the year ended June 30, 2019, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Morse, Louisiana, as of June 30, 2019, and the respective changes in financial position

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Ray Richard, Mayor
And the Board of Alderman
Village of Morse
Morse, Louisiana

and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in United States of America require that the budgetary comparison information on pages 32-34 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Morse, Louisiana's basic financial statements. The budgetary comparison schedule-expenditures: General Fund, Budgetary comparison schedules- water fund and sewer fund and the schedules of compensation, benefits, and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019 on our consideration of the Village of Morse, Louisiana's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Morse, Louisiana's internal control over financial reporting and compliance.


Thibodeaux Accounting Company
A Limited Liability Company

Rayne, Louisiana
December 16, 2019

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

VILLAGE OF MORSE
MORSE, LOUISIANA

Statement of Net Position
June 30, 2019

	Primary Government			Total (Memorandum Only) 2018
	Governmental Activities	Business-type Activities	Total 2019	
ASSETS				
Current Assets				
Cash	\$ 71,740	\$ 18,331	\$ 90,071	\$ 72,942
Internal balances	(36,043)	36,043	-	-
Receivables	2,982	30,530	33,512	37,909
Total Current Assets	<u>\$ 38,679</u>	<u>\$ 84,904</u>	<u>\$ 123,583</u>	<u>\$ 110,851</u>
Non-Current Assets				
Restricted assets	\$ 9,911	\$ -	\$ 9,911	\$ 9,751
Capital assets, net of accumulated depreciation	1,380,457	1,126,185	2,506,642	2,570,488
Total Non-Current Assets	<u>\$ 1,390,368</u>	<u>\$ 1,126,185</u>	<u>\$ 2,516,553</u>	<u>\$ 2,580,239</u>
TOTAL ASSETS	<u>\$ 1,429,047</u>	<u>\$ 1,211,089</u>	<u>\$ 2,640,136</u>	<u>\$ 2,691,090</u>
LIABILITIES				
Current Liabilities				
Overdraft	\$ -	\$ -	\$ -	\$ 1,360
Accounts payable and accrued expenses	56,838	13,000	69,838	85,361
Current portion of long-term debt	3,018		3,018	3,229
Total Current Liabilities	<u>\$ 59,856</u>	<u>\$ 13,000</u>	<u>\$ 72,856</u>	<u>\$ 89,950</u>
Non-Current Liabilities				
Accrued interest payable	\$ -	\$ -	\$ -	\$ -
Long-term liabilities				
Due in more than one year	3,662	-	3,662	2,041
Total Non-Current Liabilities	<u>\$ 3,662</u>	<u>\$ -</u>	<u>\$ 3,662</u>	<u>\$ 2,041</u>
TOTAL LIABILITIES	<u>\$ 63,518</u>	<u>\$ 13,000</u>	<u>\$ 76,518</u>	<u>\$ 91,991</u>
NET POSITION				
Investment in capital assets, net of related debt	\$ 1,373,777	\$ 1,126,185	\$ 2,499,962	\$ 2,565,218
Restricted for:				
Grants	1,002	-	1,002	1,002
Recreation department	8,909	-	8,909	8,749
Unrestricted (deficit)	(18,159)	71,904	53,745	24,130
Total Net Position	<u>\$ 1,365,529</u>	<u>\$ 1,198,089</u>	<u>\$ 2,563,618</u>	<u>\$ 2,599,099</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA
Statement of Activities
June 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Total (Memorandum Only) 2018
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total 2019	
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General government	\$ 215,942	\$ -	\$ -	\$ -	\$ (215,942)	\$ -	\$ (215,942)	\$ (193,426)
Public safety	7,985	-	-	-	(7,985)	-	(7,985)	(7,615)
Public works	3,032	-	-	-	(3,032)	-	(3,032)	(4,294)
Interest on long-term debt	1,187	-	-	-	(1,187)	-	(1,187)	(2,531)
Total Governmental Activities	<u>\$ 228,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (228,146)</u>	<u>\$ -</u>	<u>\$ (228,146)</u>	<u>\$ (207,866)</u>
Business-Type Activities:								
Water	\$ 111,457	\$ 116,755	\$ -	\$ -	\$ -	\$ 5,298	\$ 5,298	\$ 11,954
Sewer	120,143	110,208	-	21,300	-	11,365	11,365	(28,261)
Total Business-Type Activities	<u>\$ 231,600</u>	<u>\$ 226,963</u>	<u>\$ -</u>	<u>\$ 21,300</u>	<u>\$ -</u>	<u>\$ 16,663</u>	<u>\$ 16,663</u>	<u>\$ (16,307)</u>
Total Primary Government	<u>\$ 459,746</u>	<u>\$ 226,963</u>	<u>\$ -</u>	<u>\$ 21,300</u>	<u>\$ (228,146)</u>	<u>\$ 16,663</u>	<u>\$ (211,483)</u>	<u>\$ (224,173)</u>
General Revenues and Transfers:								
Taxes:								
Ad valorem taxes					\$ 11,590	\$ -	\$ 11,590	\$ 11,277
Sales taxes					52,719	-	52,719	54,404
Other taxes					32,125	-	32,125	34,894
Licenses and permits					7,377	-	7,377	5,787
Fines and forfeitures					27,817	-	27,817	6,702
DOTD					1,250	-	1,250	3,750
Interest						18	18	236
Miscellaneous					43,106	-	43,106	48,593
Transfers					(13,560)	13,560	-	-
Total General Revenues and Transfers					<u>\$ 162,424</u>	<u>\$ 13,578</u>	<u>\$ 176,002</u>	<u>\$ 165,643</u>
Change in Net Position					\$ (65,722)	\$ 30,241	\$ (35,481)	\$ (58,530)
Prior Period Adjustment					-	-	-	-
NET POSITION AT BEGINNING OF YEAR					<u>1,431,251</u>	<u>1,167,848</u>	<u>2,599,099</u>	<u>2,657,629</u>
NET POSITION AT END OF YEAR					<u>\$ 1,365,529</u>	<u>\$ 1,198,089</u>	<u>\$ 2,563,618</u>	<u>\$ 2,599,099</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTIONS

General Fund

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

Sales Tax

To account for the collection and disbursement of the Village's one percent (1%) sales and use tax.

Water System Fund

To account for the provision of the water services to the residents of the Village of Morse, Louisiana and some residents of the Parish of Acadia. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, billing, and collections.

Sewer System Fund

To account for the provision of the sewerage services to the residents of the Village of Morse, Louisiana. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing, and collections.

VILLAGE OF MORSE
MORSE, LOUISIANA
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2019

	<u>Major Funds</u>			<u>Total Governmental Funds</u> <u>(Memorandum Only)</u>	
	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>2019</u>	<u>2018</u>
ASSETS					
Cash and cash equivalents	\$ 33,506	\$ 48,043	\$ 102	\$ 81,651	\$ 71,280
Receivables:					
Sales tax	-	2,646	-	2,646	2,508
Property taxes	336	-	-	336	335
Other receivables	-	-	-	-	-
Advances to other funds	92,791	-	-	92,791	75,114
TOTAL ASSETS	<u>\$ 126,633</u>	<u>\$ 50,689</u>	<u>\$ 102</u>	<u>\$ 177,424</u>	<u>\$ 149,237</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 24,776	\$ -	\$ -	\$ 24,776	\$ 17,947
Due to other governments	32,062	-	-	32,062	32,062
Overdraft	-	-	-	-	-
Advances from other funds	76,700	52,032	100	128,832	89,903
Total liabilities	<u>\$ 133,538</u>	<u>\$ 52,032</u>	<u>\$ 100</u>	<u>\$ 185,670</u>	<u>\$ 139,912</u>
Fund Balances:					
Restricted:					
Grants	\$ 1,000	\$ -	\$ 2	\$ 1,002	\$ 1,002
Committed for:					
Recreation department	8,809	-	-	8,809	8,649
Unassigned	(16,714)	(1,343)	-	(18,057)	(326)
Total fund balances	<u>\$ (6,905)</u>	<u>\$ (1,343)</u>	<u>\$ 2</u>	<u>\$ (8,246)</u>	<u>\$ 9,325</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 126,633</u>	<u>\$ 50,689</u>	<u>\$ 102</u>	<u>\$ 177,424</u>	<u>\$ 149,237</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2019

Fund balances - total governmental funds		\$ (8,246)
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$ 2,119,850	
Less: accumulated depreciation	<u>(739,393)</u>	1,380,457
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds, notes payable, and capital leases	\$ (6,682)	<u>(6,682)</u>
Net position of governmental activities		<u>\$ 1,365,529</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
June 30, 2019

	Major Funds			Total Governmental Funds (Memorandum Only)	
	General Fund	Sales Tax Fund	Other Governmental Funds	2019	2018
REVENUES:					
Taxes:					
Ad valorem	\$ 11,590	\$ -	\$ -	\$ 11,590	\$ 11,277
Franchise	30,297	-	-	30,297	31,593
Sales	-	52,719	-	52,719	54,404
Licenses, permits, and assessments	7,377	-	-	7,377	5,787
Intergovernmental:					
Beer tax	751	-	-	751	1,162
State grants	-	-	-	-	-
FEMA	-	-	-	-	-
Video poker tax	1,077	-	-	1,077	2,139
DOTD	1,250	-	-	1,250	3,750
Fines and forfeitures	27,817	-	-	27,817	6,702
Other revenues	43,106	-	-	43,106	48,593
Total Revenues	<u>\$ 123,265</u>	<u>\$ 52,719</u>	<u>\$ -</u>	<u>\$ 175,984</u>	<u>\$ 165,407</u>
EXPENDITURES:					
Current:					
General government	\$ 121,988	\$ 32,883	\$ -	\$ 154,871	\$ 130,618
Public safety	7,985	-	-	7,985	7,615
Public works	3,032	-	-	3,032	4,294
Capital expenditures	8,909	-	-	8,909	-
Debt service	-	-	5,198	5,198	5,217
Total Expenditures	<u>\$ 141,914</u>	<u>\$ 32,883</u>	<u>\$ 5,198</u>	<u>\$ 179,995</u>	<u>\$ 147,744</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (18,649)</u>	<u>\$ 19,836</u>	<u>\$ (5,198)</u>	<u>\$ (4,011)</u>	<u>\$ 17,663</u>
OTHER FINANCING SOURCES/(USES)					
Operating transfers in	\$ 14,277	\$ -	\$ 5,198	\$ 19,475	\$ 19,466
Donation of assets	-	-	-	-	-
Operating transfers out	(5,198)	(27,837)	-	(33,035)	(22,332)
Total Other Financing Sources/(Uses)	<u>\$ 9,079</u>	<u>\$ (27,837)</u>	<u>\$ 5,198</u>	<u>\$ (13,560)</u>	<u>\$ (2,866)</u>
Net Change in Fund Balance	\$ (9,570)	\$ (8,001)	\$ -	\$ (17,571)	\$ 14,797
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances, Beginning of Year	2,665	6,658	2	9,325	(5,472)
FUND BALANCES, END OF YEAR	<u>\$ (6,905)</u>	<u>\$ (1,343)</u>	<u>\$ 2</u>	<u>\$ (8,246)</u>	<u>\$ 9,325</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the
Statement of Activities
June 30, 2019

Net change in fund balances - total governmental funds		\$	(17,571)
Amount 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 these assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	\$	14,332	
Depreciation expense		<u>(61,071)</u>	
			(46,739)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.			
Issuance of capital leases		(5,423)	
Lease principal payments		<u>4,011</u>	
			<u>(1,412)</u>
Change in net assets of governmental activities		\$	<u>(65,722)</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA

Proprietary Funds
Statement of Net Position
June 30, 2019

	Business-Type Activities		Total (Memorandum Only)	
	Enterprise Funds		2019	2018
	Water Fund	Sewer Fund		
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 4,069	\$ 14,262	\$ 18,331	\$ 11,413
Receivables	13,698	16,831	30,529	35,066
Due from other funds	21,868	30,972	52,840	31,585
Total Current Assets	<u>\$ 39,635</u>	<u>\$ 62,065</u>	<u>\$ 101,700</u>	<u>\$ 78,064</u>
Non-Current Assets				
Restricted assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Total Non-Current Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Assets				
Capital assets, net of accumulated depreciation	\$ 621,605	\$ 504,580	\$ 1,126,185	\$ 1,143,292
Total Capital Assets	<u>\$ 621,605</u>	<u>\$ 504,580</u>	<u>\$ 1,126,185</u>	<u>\$ 1,143,292</u>
TOTAL ASSETS	<u><u>\$ 661,240</u></u>	<u><u>\$ 566,645</u></u>	<u><u>\$ 1,227,885</u></u>	<u><u>\$ 1,221,356</u></u>
LIABILITIES				
Current Liabilities				
Overdrawn cash	\$ -	\$ -	\$ -	\$ 1,360
Due to other funds	-	16,796	16,796	16,796
Accounts payable and accrued payables	-	13,000	13,000	35,352
Total Current Liabilities	<u>\$ -</u>	<u>\$ 29,796</u>	<u>\$ 29,796</u>	<u>\$ 53,508</u>
Liabilities Payable from Restricted Assets				
Accrued interest payable	\$ -	\$ -	\$ -	\$ -
Current portion of revenue bonds payable	-	-	-	-
Total Restricted Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Noncurrent Liabilities				
Revenue bonds payable	\$ -	\$ -	\$ -	\$ -
Total Noncurrent Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u><u>\$ -</u></u>	<u><u>\$ 29,796</u></u>	<u><u>\$ 29,796</u></u>	<u><u>\$ 53,508</u></u>
NET POSITION				
Invested in capital assets, net of related debt	\$ 621,605	\$ 504,580	\$ 1,126,185	\$ 1,143,292
Restricted	-	-	-	-
Unrestricted	<u>39,635</u>	<u>32,269</u>	<u>71,904</u>	<u>24,556</u>
TOTAL NET POSITION	<u><u>\$ 661,240</u></u>	<u><u>\$ 536,849</u></u>	<u><u>\$ 1,198,089</u></u>	<u><u>\$ 1,167,848</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA

Proprietary Funds Statement of Revenues, Expenses
and Changes in Net Position
June 30, 2019

	Business-Type Activities		Total (Memorandum Only)	
	Enterprise Funds		2019	2018
	Water Fund	Sewer Fund		
OPERATING REVENUES				
Charges for services	\$ 116,755	\$ 110,208	\$ 226,963	\$ 233,090
Miscellaneous revenues	-	-	-	236
Total Operating Revenues	<u>\$ 116,755</u>	<u>\$ 110,208</u>	<u>\$ 226,963</u>	<u>\$ 233,326</u>
OPERATING EXPENSES				
Payroll expenses	\$ 23,480	\$ 23,480	\$ 46,960	\$ 47,876
Insurance	2,949	5,256	8,205	25,694
Plant supplies	4,809	210	5,019	433
Office expenses	2,372	306	2,678	3,423
Depreciation	24,362	35,543	59,905	58,779
Utilities	14,251	16,534	30,785	29,431
Repairs and maintenance	7,504	16,573	24,077	33,996
Professional fees	11,051	4,328	15,379	8,090
Chemicals and testing	13,478	15,309	28,787	25,089
Miscellaneous	7,201	2,604	9,805	26,586
Total Operating Expenses	<u>\$ 111,457</u>	<u>\$ 120,143</u>	<u>\$ 231,600</u>	<u>\$ 259,397</u>
Operating income (loss)	<u>\$ 5,298</u>	<u>\$ (9,935)</u>	<u>\$ (4,637)</u>	<u>\$ (26,071)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	\$ -	\$ 18	\$ 18	\$ -
Grant revenue	-	21,300	21,300	10,000
Total Non-Operating Revenues (Expenses)	<u>\$ -</u>	<u>\$ 21,318</u>	<u>\$ 21,318</u>	<u>\$ 10,000</u>
Net income (loss) before transfers	<u>\$ 5,298</u>	<u>\$ 11,383</u>	<u>\$ 16,681</u>	<u>\$ (16,071)</u>
Other Sources (uses)				
Capital contributions	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-
Operating transfers out	(11,113)	24,673	13,560	2,866
Total Other Sources (Uses)	<u>\$ (11,113)</u>	<u>\$ 24,673</u>	<u>\$ 13,560</u>	<u>\$ 2,866</u>
Change in Net Position	\$ (5,815)	\$ 36,056	\$ 30,241	\$ (13,205)
Prior period adjustment	-	-	-	-
Net position, beginning of year	<u>667,055</u>	<u>500,793</u>	<u>1,167,848</u>	<u>1,181,053</u>
Net position, end of year	<u>\$ 661,240</u>	<u>\$ 536,849</u>	<u>\$ 1,198,089</u>	<u>\$ 1,167,848</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA

Proprietary Funds
Statement of Cash Flows
June 30, 2019

	Business-type Activities		Total (Memorandum Only)	
	Enterprise Funds		2019	2018
	Water Fund	Sewer Fund		
Cash flows from operating activities				
Cash received from customers	\$ 112,627	\$ 101,469	\$ 214,096	\$ 216,005
Cash payments to suppliers for goods and services	(102,939)	(96,302)	(199,241)	(212,816)
Net cash provided by (used for) operating activities	\$ 9,688	\$ 5,167	\$ 14,855	\$ 3,189
Cash flows from capital and related financing activities				
Acquisition of capital assets	\$ -	\$ (42,798)	\$ (42,798)	\$ (14,900)
Net cash (used for) financing activities	\$ -	\$ (42,798)	\$ (42,798)	\$ (14,900)
Cash flows from noncapital financing activities				
Operating transfers to other funds	\$ (11,113)	\$ (353)	\$ (11,466)	\$ (5,906)
Operating transfers from other funds	-	25,027	25,027	8,772
Grants	-	21,300	21,300	10,000
Net cash provided by investing activities	\$ (11,113)	\$ 45,974	\$ 34,861	\$ 12,866
Cash flows from investing activities				
Interest on investments	\$ -	\$ -	\$ -	\$ -
Net increase (decrease) in cash and cash equivalents	\$ (1,425)	\$ 8,343	\$ 6,918	\$ 1,155
Prior period adjustment	-	-	-	-
Cash and cash equivalents, July 1, 2018	5,494	5,919	11,413	10,258
Cash and cash equivalents, June 30, 2019	\$ 4,069	\$ 14,262	\$ 18,331	\$ 11,413
Reconciliation of operating income to net cash provided by (used for) operating activities				
Operating income/(loss)	\$ 5,298	\$ (9,935)	\$ (4,637)	\$ (26,071)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	24,362	35,543	59,905	58,779
Change in assets and liabilities				
Receivables	(9,322)	(7,396)	(16,718)	(11,382)
Payable	(10,650)	(13,045)	(23,695)	(19,497)
Overdrawn cash	-	-	-	1,360
Other payables	-	-	-	-
Net cash provided by (used for) operating activities	\$ 9,688	\$ 5,167	\$ 14,855	\$ 3,189
Cash and cash equivalents reporting in all enterprise funds				
Current	\$ 4,069	\$ 14,262	\$ 18,331	\$ 11,413
Restricted	-	-	-	-
	\$ 4,069	\$ 14,262	\$ 18,331	\$ 11,413

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Morse, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Morse was incorporated in 1906, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government and provides services as authorized by its charter: public safety, highways and streets, sanitation, health, recreation, public improvements, planning and zoning, and general and administrative services.

As the municipal governing authority, for reporting purposes, the Village is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (Village), (b) organizations for which the primary government is financially accountable, and (c) 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.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. This criterion includes:

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

Based on the previous criteria, the Village has determined that they have no component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements, the statement of net assets and the statement of changes in net assets, report information on all of the non-fiduciary activities of the primary government and its component

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

units. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (1) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Village of Morse are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Village are described below:

Governmental Funds -

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.

Sales Tax

The Sales Tax Fund is to account for the collection and disbursement of the Village's one percent (1%) sales and use tax.

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Proprietary Funds -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus/Basis of Accounting

Measurement Focus

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

On the government-wide statements of net assets and statements of activities, both the governmental and business type activities are presented using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these activities are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of Accounting

The statements of net assets, statements of activities, and financial statements of the proprietary funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred without regard to receipt or disbursement of cash.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become 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 (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses when the liability is incurred.

D. Assets, Liabilities and Equity

Cash and Investments

The Village of Morse's cash and cash equivalents consist of cash on hand and amounts in demand deposit accounts and interest bearing demand deposits.

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are for the recreation department.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village of Morse maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 years
Equipment	5-20 years
Utility System & Improvements	10-50 years
Infrastructure	10-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term debt

In the government-wide statements, all long-term debt is reported as liabilities and is repaid from governmental and business-type resources.

In the fund financial statements, the long-term debt for governmental funds is not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Employees of the Village are allowed one week of vacation after being employed for one year. These vacation days must be used by December 31 of the current year. There is no sick leave policy. Therefore, there are no accumulations of such absences to be accrued as a liability in these financial statements.

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. 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.
- b. Restricted net position – Consists of net position with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments: or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Proprietary fund equity is classified the same as in the government-wide statements.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows:

Nonspendable - funds that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – funds that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – funds that are constrained by limitations that the government imposes on itself. These amounts are imposed at the highest level of authority. These amounts are binding unless removed in the same manner that it was imposed and any action must be taken prior to year-end. Committed fund balance is a result of either a policy of the Village or motions passed at the Village Board of Alderman meeting committing the funds.

Assigned - funds whose intended use has been established. These amounts can be, but are not required to be, imposed at the highest level of authority. They do not have to be binding and action does not have to be taken prior to year-end. Intent should be expressed by the Board of Alderman

Unassigned – all other spendable amounts.

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Fund balances for the periods ending June 30, 2019:

	General Fund	Sales Tax Fund	Other Gov't Funds	Total
Restricted:				
Grants	\$ 1,000	\$ -	\$ 2	\$ 1,002
Committed:				
Recreation Department	8,809	-	-	8,809
Unassigned	(16,714)	(1,343)	-	(18,057)
Total Fund Balances	<u>\$ (6,905)</u>	<u>\$ (1,343)</u>	<u>\$ 2</u>	<u>\$ (8,246)</u>

The Village considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Village also considers committed fund balances to be spent first then assigned fund balances when other unrestricted fund balances classifications are available for use.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, the governmental funds expenditures are classified by character and the proprietary fund expenditures are classified by operating and nonoperating.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated. The purpose of most interfund transfers is to satisfy debts or cover shortfalls within other funds.

F. Budget and Budgetary Accounting

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

1. Prior to June 1, the Village Clerk prepares a proposed budget and submits this budget to the Mayor and the Board of Aldermen no later than 15 days prior to the beginning of each fiscal year.

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

G. Use of Estimates

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

Note 2. Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2019, the Village had cash and interest-bearing deposits (bank balances) as follows:

Demand Deposits	\$ 105,701
FDIC Insurance	\$ 250,000
Pledged Securities	99,991
Total of pledged securities and FDIC Insurance	<u>\$ 349,991</u>
Excess of pledged securities and FDIC Insurance over demand deposits	<u><u>\$ 244,290</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) 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, 2019, the

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

carrying amount of the Village's deposits was \$102,465 and the bank balance was \$99,944. The deposits are secured ,from risk by \$ 250,000 of FDIC insurance and \$99,991 of pledged securities.

Note 3 Restricted Assets – Governmental Fund Type

Restricted assets in the amount of \$9,911 at June 30, 2019 consisted of:

	<u>June 30,</u> <u>2019</u>
Recreational Festival Cash Acct.	\$ 8,809
Municipal Infastructure Program Cash Acct.	1,000
LCDBG - Street Improvements	100
LCDBG Grant Cash Acct.	<u>2</u>
Total Restricted Assets	<u>\$ 9,911</u>

Note 4. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village on October 1 and payable on December 31. Billed taxes become delinquent on January 1 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Acadia Parish. Village property taxes are budgeted in the year billed.

For the year ended June 30, 2019, taxes of 7.02 mills were levied on property with assessed valuations totaling \$1,651,060 and were dedicated as follows:

General Ad Valorem Tax	7.02 mills
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The total taxes levied were \$11,590 for the year ended June 30, 2019.

Note 5. Receivables

The governmental activities receivables at June 30, 2019 consist of \$334 of property tax and \$2,648 of sales tax. The proprietary funds receivables at June 30, 2019 consists of \$13,699 of water utility fund, and \$16,831 sewer utility fund. The Village does not calculate an allowance for bad debt because the effect, if any, would be immaterial.

Note 6. Interfund Receivables, Payables

	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
General Fund	\$92,789	\$76,700
Water Fund	21,868	-
Sewer Fund	30,971	16,796
Sales Tax	-	52,032
LCDGB-Street Imp.	<u>-</u>	<u>100</u>
Total	<u>\$145,628</u>	<u>\$145,628</u>

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

The interfund balances are not expected to be paid back within a year.

Note 7. Accounts and Other Payables

The accounts and other payables consisted of the following at June 30, 2019:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts Payable	\$56,838	\$13,000	\$69,838
Other liabilities	<u>3,018</u>	<u>-</u>	<u>3,018</u>
Totals	<u>\$59,856</u>	<u>\$13,000</u>	<u>\$72,856</u>

Note 8. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance 6/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/19</u>
GOVERNMENTAL ACTIVITIES:				
Capital Assets:				
Land	\$ 83,030	\$ -	\$ -	\$ 83,030
Land Improvements	1,056,918	-	-	1,056,918
Buildings and improvements	805,674	-	-	805,674
Equipment, furniture and fixtures	112,029	14,332	-	126,361
Vehicles	47,869	-	-	47,869
Total capital assets	<u>\$ 2,105,520</u>	<u>\$ 14,332</u>	<u>\$ -</u>	<u>\$ 2,119,852</u>
Less Accumulated Depreciation:				
Land Improvements	\$ 219,885	\$ 39,519	-	\$ 259,404
Buildings and improvements	296,372	15,835	-	312,207
Equipment, furniture and fixtures	92,302	3,601	-	95,903
Vehicles	69,765	2,116	-	71,881
Total accumulated depreciation	<u>\$ 678,324</u>	<u>\$ 61,071</u>	<u>\$ -</u>	<u>\$ 739,395</u>
Governmental activities				
Capital assets, net	<u>\$ 1,427,196</u>	<u>\$ (46,739)</u>	<u>\$ -</u>	<u>\$ 1,380,457</u>

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

	Balance 6/30/2018	Additions	Deletions	Balance 6/30/19
BUSINESS-TYPE ACTIVITIES:				
Capital Assets:				
Land	\$ 53,350	\$ -	\$ -	\$ 53,350
Water System and Improvements	1,255,213	-	-	1,255,213
Machinery & Equip – Water	25,040	-	-	25,040
Sewer System & Improvements	1,456,752	42,798	-	1,499,550
Total	\$ 2,790,355	\$ 42,798	\$ -	\$ 2,833,153
Less Accumulated Depreciation:				
Water System and Improvements	\$ 621,844	\$ 24,362	\$ -	\$ 646,206
Machinery & Equip – Water	\$ 25,443	-	-	25,443
Sewer System and Improvements	\$ 999,776	35,543	-	1,035,319
Total accumulated depreciation	\$ 1,647,063	\$ 59,905	\$ -	\$ 1,706,968
Business-type activities, Capital assets, net	\$ 1,143,292	\$ (17,107)	\$ -	\$ 1,126,185

Depreciation expense was charged to governmental activities as follows:

General Government	<u>\$ 61,071</u>
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Depreciation expense was charged to business-type activities as follows:

Water	\$ 24,362
Sewer	<u>35,543</u>
Total depreciation expense	<u>\$ 59,905</u>

Note 9. Dedication of Sales Tax Proceeds

The proceeds of the 1% sales and use tax are accounted for in the Sales Tax Fund (special revenue fund) and are to be used for any lawful corporate purpose as authorized by the May 3, 2003 election.

Note 10. Retirement Commitments

All employees of the Village of Morse are participants of the Federal Social Security system. The Village and its employees contribute a percentage of each employee's salary to the system (7.65% contributed by the Town; 7.65% by the employee). The Village has no other retirement plans.

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Note 11. Segment Information for the Enterprise Fund

The Village of Morse maintains two enterprise funds which provide water and sewerage services. Segment information for the year ended June 30, 2019 was as follows:

	<u>Water</u>	<u>Sewerage</u>	<u>Total Enterprise Fund</u>
Charges for services and other revenues	\$ 116,755	\$ 110,208	\$ 226,963
Operating expenses --			
Depreciation	\$ 24,362	\$ 35,543	\$ 59,905
Other expenses	87,095	84,600	171,695
Total operating expenses	<u>\$ 111,457</u>	<u>\$ 120,143</u>	<u>\$ 231,600</u>
Operating income	<u>\$ 5,298</u>	<u>\$ (9,935)</u>	<u>\$ (4,637)</u>

Note 12. Franchise Agreements

The Village entered into franchise agreements with various public utility companies that provide services within the corporate limits of the Village. A summary of each such agreement follows:

1. Entergy Gulf States, Inc. – Franchise fee is based on five percent (5%) of the gross receipts from sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the limits of the Village. Fees are payable on a quarterly basis.
2. Centerpoint Energy – Franchise fee is based on five percent (5%) of the gross receipts from the sale of gas for residential and commercial purposes billed on residential and commercial rates within the limits of the Village.
3. Bell South, Inc. – Bell South, Inc. pays a franchise fee based on five percent (5%) of the gross receipts from local exchange telephone services for residential and commercial purposes billed on established rates provided within the corporate limits of the Village. Fees are payable to the Village in quarterly installments.
4. SLEMCO – Slemco pays a franchise fee based on five percent (5%) of the gross revenues collected by SLEMCO from the metered kilowatt-hour consumption sold by SLEMCO to its customers within the corporate limits of the Village and based on SLEMCO rates as approved by the Louisiana Public Service Commission. Fees are payable to the Village on a monthly basis.

Note 13. Litigation

As of June 30, 2019 there was no litigation or claims against the Village.

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Note 14. Compensation of Town Officials

A detail of the compensation paid to the elected Mayor and Board of Aldermen with expiring terms is as follows:

	<u>Office</u>	<u>Term</u>	<u>Compensation</u>
Darlene Thibodeaux	Mayor	July 2018- December 2019	240
Ray Richard	Mayor	January 2019- June 2019	240
Peggy Romero	Alderman	January 2015 to October 2018	120
Willard P. Romero	Alderman	October 2018- December 2018	120
Raymond Leger, Sr.	Alderman	January 2015 to December 2018	240
Ross Trahan	Alderman	January 2019-December 2022	240
Dale Louvierre	Alderman	January 2019- December 2022	240
Eric Primeaux	Alderman	January 2015 to December 2022	<u>480</u>
			<u>\$ 1,920</u>

Note 15. Rental Leases

The Village entered into a lease agreement with American Tower Antenna Rental. The agreement states that American Tower Antenna Rental will pay the Village \$605 a month for one year. The tenant has the option to renew the contract for an additional year upon written notification from the Village. The agreement is to allow the tenant use of a portion of property in connection with its federally licensed communications business.

The Village entered into a lease agreement with Radio Communications Service. The agreement states that Radio Communications Service will pay the Village \$100 per month to attach its equipment to the water tower. The lease began on October 1, 2011 and will continue for a period of ten years. This agreement can be renewed for one additional five year period upon mutual written agreement of the parties.

Note 16. Capital Leases

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Original Cost</u>	<u>Current Year Depreciation</u>	<u>Accumulated Depreciation</u>
Frontier Sickle Bar Mower	\$ 5,423	\$ 45	\$ 45
Kubota Tractor	14,130	942	4,161

VILLAGE OF MORSE
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Capital lease obligations were as follows at June 30, 2019:

Capital lease obligation due April 2024, \$102 payable monthly including interest of 5.25%, secured by a Sickle Bar Mower	4,640
Capital lease obligation due January 2020, \$301 payable monthly including interest of 10.177%, secured by a Kubota tractor	<u>2,040</u>
Total capital lease obligations	\$ 6,680
Less: Current portion	<u>(3,018)</u>
Capital lease obligations net of current portion	<u>\$ 3,662</u>

A schedule of minimum lease payments for capital lease obligations at June 30, 2019 is as follows:

<u>Year Ending June 30,</u>	
2020	\$ 3,340
2021	1230
2022	1230
2023	1230
2024	<u>1,025</u>
Total minimum lease payments	8,055
Less: amounts representing interest	<u>(1,375)</u>
Total capital lease obligations	<u>\$ 6,680</u>

Total interest expense on the above leases totaled \$1,187 for the year ended June 30, 2019.

Note 18.

Subsequent Events

The Village received an LCDBG grant for sewerage improvements. The total project costs are \$357,683. The project's Notice to Proceed date is December 16, 2019 and construction is scheduled to end by June 13, 2020.

The Village has evaluated subsequent events through December 16, 2019, the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF MORSE
MORSE, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

	2019			Variance-- Positive (Negative)	2018
	Budget		Actual		Actual
	Original	Final			
Revenues:					
Taxes--					
Ad valorem	\$ 16,000	\$ 14,719	\$ 11,590	\$ (3,129)	\$ 11,277
Franchise	30,000	26,038	30,297	4,259	31,593
	<u>\$ 46,000</u>	<u>\$ 40,757</u>	<u>\$ 41,887</u>	<u>\$ 1,130</u>	<u>\$ 42,870</u>
Intergovernmental revenue--					
Beer tax	\$ 1,400	\$ 1,374	\$ 751	\$ (623)	\$ 1,162
Grants	10,000	9,900	-	(9,900)	-
FEMA	-	-	-	-	-
Video poker tax	1,800	1,180	1,077	(103)	2,139
DOTD	2,500	2,500	1,250	(1,250)	3,750
	<u>\$ 15,700</u>	<u>\$ 14,954</u>	<u>\$ 3,078</u>	<u>\$ (11,876)</u>	<u>\$ 7,051</u>
Licenses and permits	<u>\$ 15,100</u>	<u>\$ 25,015</u>	<u>\$ 7,377</u>	<u>\$ (17,638)</u>	<u>\$ 5,787</u>
Fines and forfeitures	<u>\$ 6,000</u>	<u>\$ 22,328</u>	<u>\$ 27,817</u>	<u>\$ 5,489</u>	<u>\$ 6,702</u>
Miscellaneous revenue--					
Oil royalties	\$ 1,500	\$ 2,044	\$ 1,840	\$ (204)	\$ 1,564
Insurance fee	12,000	16,281	26,253	9,972	32,828
Festival revenue	-	-	732	732	-
Lease income	9,000	9,740	2,000	(7,740)	1,200
Other	44,000	44,000	12,281	(31,719)	13,001
	<u>\$ 66,500</u>	<u>\$ 72,065</u>	<u>\$ 43,106</u>	<u>\$ (28,959)</u>	<u>\$ 48,593</u>
Total Revenues	<u>\$ 149,300</u>	<u>\$ 175,119</u>	<u>\$ 123,265</u>	<u>\$ (51,854)</u>	<u>\$ 111,003</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

	2019			Variance-- Positive (Negative)	2018
	Budget		Actual		Actual
	Original	Final			
Expenditures:					
Current--					
General government	\$ 95,682	\$ 110,322	\$ 121,988	\$ (11,666)	\$ 98,678
Public safety	6,000	7,219	7,985	(766)	7,615
Public works	9,560	5,444	3,032	2,412	4,294
Capital outlay	-	-	8,909	(8,909)	-
Total expenditures	<u>\$ 111,242</u>	<u>\$ 122,985</u>	<u>\$ 141,914</u>	<u>\$ (18,929)</u>	<u>\$ 110,587</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 38,058</u>	<u>\$ 52,134</u>	<u>\$ (18,649)</u>	<u>\$ (70,783)</u>	<u>\$ 416</u>
Other sources (uses):					
Operating transfers in--					
Sales tax fund	\$ -	\$ -	\$ 5,547	\$ (5,547)	\$ 11,115
Water fund	-	-	8,377	(8,377)	1,565
Sewer fund	-	-	353	(353)	1,569
Donation of assets	-	-	-	-	-
Operating transfers out--					
Water fund	-	-	-	-	-
General long-term debt	-	-	(5,198)	5,198	(5,217)
Total other sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,079</u>	<u>\$ 9,079</u>	<u>\$ 9,032</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 38,058</u>	<u>\$ 52,134</u>	<u>\$ (9,570)</u>	<u>\$ (61,704)</u>	<u>\$ 9,448</u>
Prior Period Adjustment	-	-	-	-	-
Fund balance, beginning of year	<u>2,665</u>	<u>2,665</u>	<u>2,665</u>	<u>-</u>	<u>(6,783)</u>
Fund balance, end of year	<u><u>\$ 40,723</u></u>	<u><u>\$ 54,799</u></u>	<u><u>\$ (6,905)</u></u>	<u><u>\$ (61,704)</u></u>	<u><u>\$ 2,665</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA
SPECIAL REVENUE FUNDS
SALES TAX FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

	2019			Variance-- Positive (Negative)	2018
	Budget		Actual		Actual
	Original	Final			
Revenues:					
Taxes--					
Sales tax collections	\$ 51,000	\$ 79,615	\$ 52,719	\$ (26,896)	\$ 54,404
Miscellaneous revenue	-	-	-	-	-
Total revenues	<u>\$ 51,000</u>	<u>\$ 79,615</u>	<u>\$ 52,719</u>	<u>\$ (26,896)</u>	<u>\$ 54,404</u>
Expenditures:					
Current--					
General government					
Salaries	\$ 35,873	\$ 36,000	\$ 23,480	\$ 12,520	\$ 23,938
Professional fees	-	-	-	-	-
Insurance	-	-	-	-	-
Office expense	-	-	2,065	(2,065)	3,053
Miscellaneous	-	15,200	3,326	11,874	4,559
Public safety					
Repairs and supplies	-	-	-	-	-
Public works					
Repairs and maintenance	-	-	-	-	-
Utilities	-	-	3,031	(3,031)	-
Fuel	-	-	981	(981.00)	390
Total expenditures	<u>\$ 35,873</u>	<u>\$ 51,200</u>	<u>\$ 32,883</u>	<u>\$ 18,317</u>	<u>\$ 31,940</u>
Excess of revenues over expenditures	<u>\$ 15,127</u>	<u>\$ 28,415</u>	<u>\$ 19,836</u>	<u>\$ (8,579)</u>	<u>\$ 22,464</u>
Other sources (uses):					
Operating transfer (out)--					
General fund	\$ -	\$ -	\$ (5,547)	\$ (5,547)	\$ (11,115)
Sewer fund	-	-	(22,290)	(22,290)	(6,000)
Payroll fund	-	-	-	-	-
Total other sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,837)</u>	<u>\$ (27,837)</u>	<u>\$ (17,115)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 15,127	\$ 28,415	\$ (8,001)	\$ (36,416)	\$ 5,349
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning of year	<u>6,658</u>	<u>6,658</u>	<u>6,658</u>	<u>-</u>	<u>1,309</u>
Fund balance, end of year	<u>\$ 21,785</u>	<u>\$ 35,073</u>	<u>\$ (1,343)</u>	<u>\$ (36,416)</u>	<u>\$ 6,658</u>

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF MORSE
MORSE, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
Year Ended June 30, 2019

	2019			Variance-- Positive (Negative)	2018
	Budget		Actual		Actual
	Original	Final			
Current:					
General government:					
Salaries and wages	\$ 31,000	\$ 36,510	\$ 23,480	\$ 13,030	\$ 23,938
Payroll taxes	-	-	7,135	(7,135)	8,819
Office expenses	5,500	850	9,227	(8,377)	3,004
Utilities	17,500	12,158	9,089	3,069	15,696
Telephone expense	1,300	1,926	1,789	137	1,517
Bond expense	120	100	100	-	100
Professional fees	10,000	19,230	29,522	(10,292)	10,436
Grant expense	-	-	-	-	-
Vehicle expense	300	2,565	2,464	101	850
Lease	-	-	-	-	-
Repairs and maintenance	6,200	6,751	7,594	(843)	5,457
Insurance	13,000	13,559	14,223	(664)	11,443
Dues and memberships	-	-	844	(844)	-
Bank charges	-	-	549	(549)	-
Festival expense	-	-	-	-	-
Publications	3,500	3,099	3,601	(502)	4,094
Engineering	450	424	-	424	2,699
Miscellaneous	6,812	13,150	12,371	779	10,625
Total general government	<u>\$ 95,682</u>	<u>\$ 110,322</u>	<u>\$ 121,988</u>	<u>\$ (11,666)</u>	<u>\$ 98,678</u>
Public safety:					
Police department:					
Repairs, supplies, fuel	\$ 6,000	\$ 7,219	\$ 7,985	\$ (766)	7,615
Total public safety	<u>\$ 6,000</u>	<u>\$ 7,219</u>	<u>\$ 7,985</u>	<u>\$ (766)</u>	<u>\$ 7,615</u>
Public works:					
Streets and drainage:					
Repairs and maintenance	\$ 60	\$ -	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel	9,500	5,444	3,032	2,412	4,294
Total public works	<u>\$ 9,560</u>	<u>\$ 5,444</u>	<u>\$ 3,032</u>	<u>\$ 2,412</u>	<u>\$ 4,294</u>
Capital outlay	\$ -	\$ -	\$ 8,909	\$ (8,909)	\$ -
Total capital outlays	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,909</u>	<u>\$ (8,909)</u>	<u>\$ -</u>
Total expenditures	<u>\$ 111,242</u>	<u>\$ 122,985</u>	<u>\$ 141,914</u>	<u>\$ (18,929)</u>	<u>\$ 110,587</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA
WATER SYSTEM FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

	2019			2018	
	Original Budget	Final Budget	Actual	Variance	Actual
<u>OPERATING REVENUES</u>					
Charges for services	\$ 128,650	\$ 140,787	\$ 116,755	\$ (24,032)	\$ 121,538
Miscellaneous	-	-	-	-	-
Total operating revenues	\$ 128,650	\$ 140,787	\$ 116,755	\$ (24,032)	\$ 121,538
<u>OPERATING EXPENSES</u>					
Insurance	\$ 16	\$ 3,500	\$ 2,949	\$ 551	\$ 12,816
Payroll expenses	40,000	36,329	23,480	12,849	23,938
Fees	-	-	-	-	-
Plant supplies	-	-	4,809	(4,809)	433
Office expense	3,200	2,318	2,372	(54)	2,325
Depreciation	2,000	31,765	24,362	7,403	23,766
Lease	-	-	-	-	-
Utilities	17,000	6,717	14,251	(7,534)	11,860
Grant expenses	-	-	-	-	-
Repairs and maintenance	12,500	5,301	7,504	(2,203)	12,512
Chemical and testing	12,800	20,460	13,478	6,982	11,126
Professional fees	1,600	12,852	11,051	1,801	5,283
Miscellaneous	11,450	16,764	7,201	9,563	15,525
Total operating expenses	\$ 100,566	\$ 136,006	\$ 111,457	\$ 24,549	\$ 119,584
Operating income (loss)	\$ 28,084	\$ 4,781	\$ 5,298	\$ 517	\$ 1,954
<u>NON OPERATING REVENUES (EXPENSES)</u>					
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Total non operating revenues (expenses)	\$ -	\$ -	\$ -	\$ -	\$ 10,000
NET INCOME (LOSS) BEFORE TRANSFERS	\$ 28,084	\$ 4,781	\$ 5,298	\$ 517	\$ 11,954
Other Sources (Uses)					
Capital contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers In (Out)					
Operating transfers out	-	-	(11,113)	(11,113)	(4,337)
Total other sources (uses)	\$ -	\$ -	\$ (11,113)	\$ (11,113)	\$ (4,337)
NET INCOME (LOSS)	\$ 28,084	\$ 4,781	\$ (5,815)	\$ (10,596)	\$ 7,617
Prior Period Adjustment	-	-	-	-	-
Retained Earnings, Beginning	667,055	667,055	667,055	-	659,438
Retained Earnings, Ending	\$ 695,139	\$ 671,836	\$ 661,240	\$ (10,596)	\$ 667,055

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA
SEWER SYSTEM FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

	2019			2018	
	Original Budget	Final Budget	Actual	Variance	Actual
<u>OPERATING REVENUES</u>					
Charges for services	\$ 107,772	\$ 104,058	\$ 110,208	\$ 6,150	\$ 111,552
Miscellaneous	-	-	-	-	236
Total operating revenues	<u>\$ 107,772</u>	<u>\$ 104,058</u>	<u>\$ 110,208</u>	<u>\$ 6,150</u>	<u>\$ 111,788</u>
<u>OPERATING EXPENSES</u>					
Payroll expenses	\$ 31,339	\$ 29,042	\$ 23,480	\$ 5,562	\$ 23,938
Plant supplies	-	-	210	(210)	-
Office expense	2,000	600	306	294	1,098
Depreciation	3,000	40,000	35,543	4,457	35,013
Lease	-	-	-	-	-
Utilities	19,187	16,271	16,534	(263)	17,571
Repairs and maintenance	5,000	17,982	16,573	1,409	21,484
Chemical and testing	15,600	20,713	15,309	5,404	13,963
Insurance	1,400	2,609	5,256	(2,647)	12,878
Professional fees	4,000	12,552	4,328	8,224	2,807
Miscellaneous	4,650	3,988	2,604	1,384	11,061
Total operating expenses	<u>\$ 86,176</u>	<u>\$ 143,757</u>	<u>\$ 120,143</u>	<u>\$ 23,614</u>	<u>\$ 139,813</u>
Operating income (loss)	<u>\$ 21,596</u>	<u>\$ (39,699)</u>	<u>\$ (9,935)</u>	<u>\$ 29,764</u>	<u>\$ (28,025)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Interest income	\$ -	\$ -	\$ 18	\$ 18	\$ -
Grant revenue	-	-	21,300	21,300	-
Total Non-operating revenues (expenses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,318</u>	<u>\$ 21,318</u>	<u>\$ -</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>\$ 21,596</u>	<u>\$ (39,699)</u>	<u>\$ 11,383</u>	<u>\$ 51,082</u>	<u>\$ (28,025)</u>
Other Sources (Uses)					
Capital contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in (out):					
Operating transfer in	-	-	25,026	25,026	8,772
Operating transfers out	-	-	(353)	(353)	(1,569)
Total other sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,673</u>	<u>\$ 24,673</u>	<u>\$ 7,203</u>
Net Income (Loss)	\$ 21,596	\$ (39,699)	\$ 36,056	\$ 75,755	\$ (20,822)
Retained Earnings, Beginning	500,793	500,793	500,793	-	521,615
Prior Period Adjustment	-	-	-	-	-
Retained Earnings, Ending	<u>\$ 522,389</u>	<u>\$ 461,094</u>	<u>\$ 536,849</u>	<u>\$ 75,755</u>	<u>\$ 500,793</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For the Year Ended June 30, 2019

Agency Head Name: Ray Richard, Mayor (January 1, 2019- June 30, 2019)

Purpose	Amount
Salary	\$ 240
Benefits-insurance	-
Benefits-retirement	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	43
Travel	-
Registration fees	-
Conference	436
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
	<hr/>
	<u>\$ 719</u>

Agency Head Name: Darlene Thibodeaux, Mayor (July 1, 2018-December 31, 2018)

Purpose	Amount
Salary	\$ 240
Benefits-insurance	-
Benefits-retirement	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
	<hr/>
	<u>\$ 240</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORSE
MORSE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For the Year Ended June 30, 2019

Agency Head Name: Jason Coats, Chief of Police (August 1, 2018- June 30, 2019)

Purpose	Amount
Salary	\$ 1,500
Benefits-insurance	-
Benefits-retirement	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	45
Travel	-
Registration fees	-
Conference	150
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
	<hr/>
	\$ 1,695
	<hr/> <hr/>

Agency Head Name: August Guillory, Police Chief (July 1, 2018- July 31, 2018)

Purpose	Amount
Salary	\$ 250
Benefits-insurance	-
Benefits-retirement	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
	<hr/>
	\$ 250
	<hr/> <hr/>

THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 34 • 801 THE BOULEVARD, SUITE B • RAYNE, LOUISIANA 70578 • (337) 334-7251 FAX (337) 334-7002

INDEPENDENT AUDITOR'S 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*

The Honorable Ray Richard, Mayor
And the Board of Alderman
Village of Morse
Morse, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Morse Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village of Morse, Louisiana's basic financial statements and have issued our report thereon dated December 16, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. *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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be

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CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Ray Richard, Mayor
And the Board of Alderman
Village of Morse
Morse, Louisiana

material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies and they are described in the accompanying schedule of findings to be significant deficiencies: 2019-1, 2019-2, 2019-5, 2019-6, 2019-7, 2019-9, 2019-12 and 2019-13.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Morse, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items: 2019-3, 2019-4, 2019-8 and 2019-10.

Village of Morse, Louisiana's Response to Findings

The Village of Morse, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings. The Village of Morse, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of management, others in the organization and the Office of the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Therefore, its distribution is not limited.

Thibodeaux Accounting Company
Thibodeaux Accounting Company
A Limited Liability Company

Rayne, Louisiana
December 16, 2019

VILLAGE OF MORSE
MORSE, LOUISIANA

Schedule of Findings and Corrective Action Plan
June 30, 2019

PART I. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Village of Morse, Louisiana's basic financial statements as of and for the year ended June 30, 2019.

Internal Control - Financial Reporting

There were eight significant deficiencies in internal control on financial reporting that were disclosed by the audit of the financial statement.

There were no material weaknesses in internal control on financial reporting that were disclosed by the audit of the financial statements.

Material Noncompliance – Financial Reporting

The results of our tests disclosed four instances of noncompliance required to be reported under *Government Auditing Standards*.

PART II. FINDING RELATING TO AN AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2019-1 Finding: Financial Statements Not in Accordance With GAAP (Internal Control)

The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Criteria:

The reporting entity should be able to prepare financial statements in accordance with GAAP without any outside assistance.

Cause of Condition:

The Village does not have the funds to hire someone or to outsource this function.

Effect of Condition:

The financial statements may not be prepared in accordance with GAAP.

Recommendation:

We recommend that the Village outsource this task to ensure the recording of its financial transactions in accordance with GAAP.

VILLAGE OF MORSE
MORSE, LOUISIANA

Schedule of Findings and Responses
(Continued)
June 30, 2019

Corrective Action Plan:

The Village has evaluated the cost vs. benefits of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Village to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

2019-2 Finding: No written documentation to support cumulative pay amounts (Internal Control)

A terminated employee was paid vacation and sick time which did not have any written documentation to support cumulative amounts nor did the amounts coincide with written policies and procedures.

Criteria:

All employee time and attendance records should be substantiated and consistent with the Village's written policies and procedures.

Cause of Condition:

Amounts paid lacked supporting documentation to substantiate the employee's final check.

Effect of Condition:

Employees could be paid the wrong amounts and monies could be paid that are not earned.

Recommendation:

The Village should properly account for all earned leave and attendance.

Corrective Action Plan:

Management concurs. Management will revise the Village's policies and procedures and maintain cumulative schedules for vacation and sick leave. The Village estimates this to be resolved by June 30, 2020.

2019-3 Finding: The Village collected and failed to disburse correct amounts to applicable agencies. (Noncompliance)

Fines were not disbursed properly.

Criteria:

The Village clerk failed to disburse the correct fine amounts required by state statutes.

Cause of Condition:

The Village Clerk disbursed the wrong amounts to certain agencies.

VILLAGE OF MORSE
MORSE, LOUISIANA

Schedule of Findings and Responses
(Continued)
June 30, 2019

Effect of Condition:

The Village could be out of compliance with applicable statutes; the Village could be losing fine revenues necessary to their budget or owe certain agencies.

Recommendation:

The Village should put controls in place to ensure that the right amounts are collected and disbursed timely.

Corrective Action Plan:

The Village clerk will make sure that fine disbursements are paid correctly. The Village estimates this to be resolved by June 30, 2020.

2019-4 Finding: Budget Violation (Noncompliance)

The Village did not properly amend their budget and exceeded budgeted expenses and uses by more than 5% in the General Fund and Sales Tax Fund; as well as fell short of budgeted revenues and sources by more than 5% in these funds.

Criteria:

Louisiana Revised Statute 39:1311 states that total actual expenditures or uses should not exceed budgeted expenditures and uses by 5% or more and that total actual revenues or sources should not fall short of budgeted revenues and sources by 5% or more.

Cause of Condition:

The budget was not properly amended.

Effect of Condition:

The Village could spend funds in excess of budgeted amounts.

Recommendation:

The Village should comply with Louisiana Revised Statutes 39:1309 and 39:1311 and amend its budget upon a change in operations.

Corrective Action Plan:

The Village clerk will be sure to include all required information on all future budgets. The Village will utilize the budget and make revisions as they become necessary. The Village estimates this to be resolved by June 30, 2020.

2019-5 Finding: The Village utilized two sets of books. (Internal Control)

In an effort to consolidate accounts and streamline their accounting process, the previous Mayor started new QuickBooks files. In the current fiscal year, the Clerk only used the Quickbooks file which was incomplete due to account activity not being recorded for certain accounts.

VILLAGE OF MORSE
MORSE, LOUISIANA

Schedule of Findings and Responses
(Continued)
June 30, 2019

Criteria:

One set of books should be maintained per fund to ensure that all accounting records and financial reports are complete and accurate.

Cause of Condition:

The Clerk did not do bank reconciliations on the Police Department or LCDBG accounts.

Effect of Condition:

Incomplete accounting records were given to the auditor and monthly financials were also inaccurate.

Recommendation:

The Village should have one set of books per fund.

Corrective Action Plan:

The Mayor and Clerk will ensure that each fund only has one set of books. The Village estimates this to be resolved by June 30, 2020.

2019-6 Finding: The Village made an overpayment to a vendor. (Internal Control)

The Village made an overpayment to a vendor resulting in a credit.

Criteria:

The Village should have internal controls in place to ensure that invoices are accurately paid.

Cause of Condition:

The Clerk inadvertently paid the wrong amount.

Effect of Condition:

Public funds may be spent unnecessarily.

Recommendation:

The Village should have policies and procedures in place to ensure public funds are spent in accordance with state statutes and invoices are paid accurately.

Corrective Action Plan:

The Mayor will ensure all policies and procedures are in place and followed so that invoices are paid properly. The Village estimates this to be resolved by June 30, 2020.

VILLAGE OF MORSE
MORSE, LOUISIANA

Schedule of Findings and Responses
(Continued)
June 30, 2019

2019-7 Finding: The Village incurred bank overdraft fees. (Internal Control)

The Village incurred several bank overdraft fees in bank accounts in several funds.

Criteria:

The Village should have accurate financial information to ensure that funds are available when checks are written.

Cause of Condition:

Bank accounts were overdrawn.

Effect of Condition:

The Village is incurring additional fees by writing checks when funds are not available.

Recommendation:

The Village should monitor its financials and only spend funds that are available.

Corrective Action Plan:

The Mayor will ensure that financials are monitored and checks are only written when the funds are available to spend. The Village's new administration has resolved this issue as of February 2019.

2019-8 Finding: The Village conducted a fundraiser on behalf of the police department. (Noncompliance)

A fundraiser was conducted on behalf of the police department by its auxiliary using the Village of Morse's tax identification number.

Criteria:

Louisiana Revised Statute 42:1115 prohibits a public servant from soliciting anything of economic value from any person.

Cause of Condition:

A hamburger sale was done by the police department including auxiliary. Donations were solicited and the Village's tax identification number was used for all purchases.

Effect of Condition:

The public servants who solicit donations are violating the ethics code.

Recommendation:

A nonprofit organization should be legally formed with its own tax identification number for the auxiliary police.

VILLAGE OF MORSE
MORSE, LOUISIANA

Schedule of Findings and Responses
(Continued)
June 30, 2019

Corrective Action Plan:

The Mayor will ensure that all Village employees are familiar with Louisiana Revised Statute 42:1115 and that the Village will no longer hold fundraising events. The Village estimates this to be resolved by June 30, 2020.

2019-9 Finding: The Village could not account for all traffic citations. (Internal Control)

The Village could not account for all traffic citations and several citations were missing from books issued.

Criteria:

The Village should require all officers to return a copy of every traffic citation issued by the officer and all copies of every citation which has been spoiled or upon which an entry has been made without having issued the citation to the alleged violator.

Cause of Condition:

Ticket books turned in by the previous chief had missing tickets. Missing tickets were random and all copies were missing.

Effect of Condition:

The Village could be out of compliance with documentation and records retention regulations and there is no way for the Village to know what if any violations occurred or fees to charge.

Recommendation:

The Village should appoint someone to be responsible for accounting for all tickets and maintaining all records.

Corrective Action Plan:

The Mayor and Police Chief will work together to ensure that there is a process that is followed when ticket books are issued and turned in. The Village estimates this to be resolved by June 30, 2020.

2019-10 Finding: Ethics Course Violation (Noncompliance)

Three Village employees did not take the one hour ethics course as required by law.

Criteria:

Louisiana Revised Statute 42:1170 requires all elected officials and public servants to complete a one hour ethics course each year.

Cause of Condition:

The Village clerk informed all elected officials and employees about the ethics course requirement but three employees failed to complete the course.

VILLAGE OF MORSE
MORSE, LOUISIANA

Schedule of Findings and Responses
(Continued)
June 30, 2019

Effect of Condition:

The Village is not in compliance with Louisiana Revised Statute 42:1170.

Recommendation:

The Village should educate themselves on this statute and comply with it in the future.

Corrective Action Plan:

The Village clerk will ensure that all elected officials and Village employees complete the one hour ethics course annually. The Village estimates this to be resolved by June 30, 2020.

2019-11 Finding: The Village's Sewer fund experienced an operating loss during the year. (Management Letter)

The Village's Sewer fund experienced an operating loss during the current year.

Criteria:

It is beneficial for the Village to operate at a surplus.

Cause of Condition:

The Sewer fund had more operating expenses than revenues.

Effect of Condition:

The Village could not have the funds available to pay for any large repairs should they present themselves.

Recommendation:

The Village should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

Corrective Action Plan:

The Mayor and Alderman will continue to monitor the situation closely. There is no anticipated date of correction as of June 30, 2019.

2019-12 Finding: Revenues and Expenses not recorded. (Internal Control)

The Village received a grant and expended grant funds that were not accounted for in the general ledger.

Criteria:

All transactions, cash or noncash, have to be recorded in the financial statements per GAAP.

VILLAGE OF MORSE
MORSE, LOUISIANA

Schedule of Findings and Responses
(Continued)
June 30, 2019

Cause of Condition:

The grant funds went into and out of a bank account that was not on the Quickbooks file being utilized.

Effect of Condition:

The Village's financial statements could be materially misstated.

Recommendation:

The Clerk should ensure that all transactions are accounted for in the current accounting software.

Corrective Action Plan:

The Clerk will ensure that all transactions are accounted for in the current accounting software. The anticipated date of correction is June 30, 2020.

2019-13 Finding: Improper amounts collected for ticket fines. (Internal Control)

The Village did not collect the correct amount of ticket fines.

Criteria:

The Village is required to collect the amount of fines set forth in the Village ordinances and state statutes.

Cause of Condition:

The website NCourt allows payments to be made to the Village electronically. The payments made were not reconciled with the actual fines and overpayments were collected.

Effect of Condition:

The Village could be in possession of funds they are not entitled to.

Recommendation:

The Village should reconcile all payments received with actual fines and refund any excess amounts collected.

Corrective Action Plan:

The Clerk will reconcile all NCourt payments received with actual fines. The anticipated date of correction is June 30, 2020.

VILLAGE OF MORSE
MORSE, LOUISIANA

Schedule of Corrective Action
Taken on Prior Year Findings
June 30, 2019

2018-1 Financial Statements Not in Accordance with GAAP.

Finding: The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Recommendation: The Village should outsource this task to ensure the recording of the Village's financial transactions in accordance with GAAP.

Status: Unresolved

2018-2 Inaccurate payroll records

Finding: The Village maintains various payroll and attendance records. On several employee records, handwritten time did not match time cards with no obvious or written explanation.

Recommendation: The Village should properly track and document employee time, reconcile all forms of documentation, research any discrepancies and note discrepancy explanations before checks are issued.

Status: Resolved

2018-3 Fines not disbursed properly.

Finding: The Village collected and failed to disburse correct amounts to applicable agencies.

Recommendation: The Village should put controls in place to ensure that the right amounts are collected and disbursed timely.

Status: Unresolved

2018-4 Withholding amounts not paid timely.

Finding: Employee withholding amounts for previous years were not paid timely and were paid in the current year.

Recommendation: The Village clerk should ensure that all payroll taxes and withholdings are paid timely.

Status: Resolved

2018-5 Budget Violation

Finding: The Village did not properly amend their budget and exceeded budgeted expenses and uses by more than 5% in the Sales Tax Fund.

Recommendation: The Village should comply with Louisiana Revised Statute 39:1309 and 39:1311 and amend its budget upon a change in operations.

Status: Unresolved

Status: Unresolved

VILLAGE OF MORSE
MORSE, LOUISIANA

Schedule of Corrective Action
Taken on Prior Year Findings
June 30, 2019

2018-6 The Village utilized two sets of books.

Finding: In an effort to consolidate accounts and streamline their accounting process, the Mayor started new QuickBooks files. In the current fiscal year, the Clerk used both the old and new files resulting in inaccurate financial reports.

Recommendation: The Village should have one set of books per fund.

Status: Unresolved

2018-7 The Village made an overpayment to a vendor.

Finding: The Village made an overpayment to a vendor resulting in a credit.

Recommendation: The Village should have policies and procedures in place to ensure public funds are spent in accordance with state statutes and invoices are paid accurately.

Status: Unresolved

2018-8 The Village incurred bank overdraft fees.

Finding: The Village incurred several bank overdraft fees in bank accounts in several funds.

Recommendation: The Village should monitor its financials and only spend funds that are available.

Status: Unresolved

2018-9 The Village conducted a fundraiser on behalf of the police department.

Finding: A fundraiser was conducted on behalf of the police department by its auxiliary using the Village of Morse's tax identification number.

Recommendation: A nonprofit organization should be legally formed with its own tax identification number for the auxiliary police.

Status: Unresolved

VILLAGE OF MORSE
MORSE, LOUISIANA

Schedule of Corrective Action
Taken on Prior Year Findings
June 30, 2019

2018-10 The Village could not account for all traffic citations.

Finding: The Village could not account for all traffic citations and several citations were missing from books issued.

Recommendation: The Village should appoint someone to be responsible for accounting for all tickets and maintaining records.

Status: Unresolved

2018-11 Ethics course violation

Finding: Two Village employees did not take the one hour ethics course as required by law.

Recommendation: The Village should educate themselves on this statute and comply with it in the future.

Status: Unresolved

2018-12 The Village's Sewer fund experienced an operating loss during the year.

Finding: The Village's Sewer fund experienced a \$28,025 operating loss during the year.

Recommendation: The Village should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

Status: Unresolved

THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 34 • 801 THE BOULEVARD, SUITE B • RAYNE, LOUISIANA 70578 • (337) 334-7251 FAX (337) 334-7002

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Darlene Thibodeaux, Mayor
And the Village Board
Village of Morse, Louisiana

We have performed the procedures included enumerated below, which were agreed to by the management of the Village of Morse, Louisiana (Village) and the Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Village's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
All addressed without exception.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
All addressed with exception to how vendors are added to vendor list. (Exception)
 - c) ***Disbursements***, including processing, reviewing, and approving
All addressed without exception.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
All addressed without exception.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
All addressed without exception.

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- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
All addressed without exception.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
All addressed without exception.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
All addressed without exception.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
None of the above requirements were included in the policy provided. (Exception)
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
No policy was provided, and no debt service was incurred during the current fiscal year. (Exception)
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
We reviewed the Village of Morse's written policy and procedures and found it does not address any of the above items related to disaster recovery/business continuity. (Exception)

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
No exception noted.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
The minutes did not reference monthly budget-to-actual comparisons nor monthly financial statements for referenced funds. (Exception)
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.
There is no indication or reference in the minutes during this fiscal period of a formal plan to eliminate the negative fund balance in the general fund. (Exception)

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
Obtained bank statements and reconciliations for March 2019 for five (5) accounts selected, noted evidence that they were prepared within two months of the related statement closing date except for one of the five accounts selected. The bank reconciliations for LCDBG – Street Improvements Account was not reconciled during the year or for the month selected within two months of the bank statement closing date. Bank statements were not initialed by preparer. (Exceptions)
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
Obtained bank statements and reconciliations for March 2019, noting no evidence of management/board member review for any of the five bank reconciliations tested. New administration and clerk was not aware of the requirement. (Exception)
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
There were some outstanding items more than 12 months from statement closing date of three bank accounts selected for testing for March 2019 bank reconciliations. Exceptions noted.

Collections (excluding EFTs)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
Only one site for collections.
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
No exception noted.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
One of the employees responsible for collecting cash is responsible for making deposits. Two employees collect cash and verify each other's deposits and collections. (Exception)
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
The Village Clerk does post collections, collects cash and reconciles ledger postings to the deposits. (Exception)
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
No evidence of another employee verification. (Exception)
- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
All employees are bonded.
- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
No exception noted.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
One utility deposit tested did not reflect that the sequentially pre-numbered receipts were deposited in order. Random receipts from utility payments were not included in that deposit. (Exception)
- c) Trace the deposit slip total to the actual deposit per the bank statement.
No exception noted.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
One deposit was not made within one week. (Exception)
- e) Trace the actual deposit per the bank statement to the general ledger.
No exception noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Only one location and management representation obtained.
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
The Mayor approves purchases; however, not all items were supported by a purchase order. (Exception)
 - b) At least two employees are involved in processing and approving payments to vendors.
No exception noted.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
The Village Clerk adds all vendors to system and processes payments. (Exception)
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
The Clerk is responsible for processing payments, signing checks as second signature, and mails checks. (Exception)
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
We randomly selected 5 disbursements. All amounts matched, but on SLEMCO bill, Village Clerk paid amount due including late fee instead of current bill amount. (Exception)
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
See exceptions in #9. No evidence of written approvals for segregation of duties.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We obtained listing and management's representation.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]] All original receipts were attached to statements to support purchase; however, there was no evidence of written review or approval for credit card purchases and fuel cards. Only checkmarks indicating fuel statement and fuel receipts were reconciled and compared. (Exception)
 - b) Observe that finance charges and late fees were not assessed on the selected statements. Finance charges were assessed on one of the two selected credit card statements. (Exception)
13. Using the monthly statements or combined statements selected under #12 above, **excluding fuel cards**, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
 - (1) No exceptions noted.
 - (2) No exceptions noted.
 - (3) No meal purchases.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
N/A
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
Two out of five travel reimbursements selected did not have any documentation to substantiate the expense. The new Village Clerk could not find or locate previous clerk's reimbursement forms and supporting documentation. (Exception)
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
Business purpose of trip included on Expense Report (for all three travel reimbursements available for review of supporting documentation, see 14b above for more details. (Exception)
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
The three (3) travel reimbursements we looked at did have the proper signatures and documentation. (See 14b above for more details). (Exception)

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's

representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
No written contracts per Mayor and Clerk.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
N/A
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
N/A
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
N/A

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Obtained a listing and management's representation.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
Exception noted. One employee did receive vacation and sick time which did not have any written documentation to support cumulative amounts.
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
Exception noted.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
No exception noted.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
One exception noted.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.
Management's representation obtained.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exception noted.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
No written verification obtained or documented. (Exception)

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

N/A

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived, or other funds required by the debt covenants).

N/A

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We obtained a listing of alleged misappropriation of public funds during the fiscal period which was reported to the legislative auditor. We followed up on the allegation and performed tests to determine that there was no evidence to report to the district attorney of the parish.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We didn't observe the required LLA Fraud Notice posted on the premises of the Village Hall in Morse during Site Visit on November 4, 2019. We emailed Village Clerk Birdie Touchet on November 21, 2019 regarding this requirement for having Fraud Poster with link to LLA's website and PDF attached with Fraud Poster. We observed Fraud Poster on the premises of the Village Hall on November 26, 2019. (Exception)

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we did not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Thibodeaux Accounting Company

A Limited Liability Company

Rayne, Louisiana

December 16, 2019

THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

The Honorable Ray Richard Mayor
And the Board of Aldermen
Village of Morse
Morse, Louisiana

We have completed our audit of the basic financial statements of the Village of Morse, Louisiana for the year ended June 30, 2019, and submit the following recommendation for your consideration:

The Sewer Utility Fund experienced an operating loss during the current year of \$9,935. The Village should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Thibodeaux Accounting Company

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Rayne, Louisiana

December 16, 2019

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