

VILLAGE OF MORGANZA, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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

**VILLAGE OF MORGANZA
POINTE COUPEE PARISH, LOUISIANA
P. O. BOX 66
MORGANZA, LA 70759
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MAYOR

Salvador J. Tuminello

ALDERMEN

Clarence Wells
Debbie Guedry
Mary Plauche

CITY MANAGER

Mark S. Ramagos

CITY CLERK

Elizabeth Dalton

CHIEF OF POLICE

Mark S. Ramagos

MEETING DATE

1st Tuesday of Every Month
3:00 PM - Town Hall

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REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis

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

Village of Morganza, Louisiana
Management's Discussion and Analysis
June 30, 2018

INTRODUCTION

This annual report consists of -

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

Management's Discussion and Analysis

As management of the Village of Morganza, Louisiana, we are pleased to provide an overview of our financial activities for the year ended June 30, 2018. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last year's audited financial report.

Financial Highlights

- The Village's net position decreased by \$69,573 from \$1,859,089 in 2017 to \$1,789,517 in 2018
- Governmental revenues decreased from \$136,685 to \$136,545
- Utility operating revenues increased from \$413,749 to \$419,689
- Cash and investments decreased by \$12,806 for the year ended June 30, 2018

Overview of the Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

The notes, presented on pages 16 thru 35, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary control, on page 36.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. At the end of the most recent year, the assets of the Village exceeded its liabilities by \$1,789,517.

The Village's total assets are composed of \$685,770 (35.34%) in cash, investments, inventory, prepaid items and receivables, \$32,316 (1.67%) of noncurrent assets (restricted cash and cash equivalents) and \$1,222,314 (62.99%) investment in capital assets (land, buildings, utility systems, vehicles and equipment, etc.). The Village uses these capital assets to provide various services to residents and businesses in the incorporated area, these assets are not available for future spending.

The Village has \$567,203 to be used in future operations and acquisition of new capital assets that will improve the operations of the Village.

Statement of Net Position

	Governmental Activities	Business-type Activities	Total 2018	Total 2017	% Change
Current and other assets	\$ 104,339	\$ 613,747	\$ 718,086	\$ 709,272	1.23%
Noncurrent assets	85,309	1,139,005	1,224,314	1,302,425	-6.38%
Total assets	189,648	1,752,752	1,940,400	2,011,697	-3.57%
Deferred outflows of resources	-	68,247	68,247	47,288	30.71%
Current and other liabilities	3,190	36,204	39,394	52,438	-33.11%
Noncurrent liabilities	-	175,783	175,783	143,883	18.15%
Total liabilities	3,190	211,987	215,177	196,321	8.76%
Deferred inflows of resources	-	3,952	3,952	3,575	9.54%
Net position -					
Invested in capital assets, net of related debt	83,309	1,139,005	1,222,314	1,302,425	-6.55%
Unrestricted	101,148	466,055	567,203	556,664	1.86%
Total net assets	\$ 184,457	\$ 1,605,060	\$ 1,789,517	\$ 1,859,089	-3.89%

(Continued on next page)

The Village's total revenues increased by \$1,707 from \$552,399 in 2017 to \$554,106 in 2018. Total expenses increased by \$19,074 from \$604,606 in 2017 to \$623,680 in 2018.

Changes in Net Position

	Governmental Activities	Business-type Activities	Total 2018	Total 2017	% Change
Revenues:					
Program revenues -					
Charges for services	\$ 32,833	\$ 396,970	\$ 429,803	\$ 437,300	-1.74%
Operating grants and contributions	-	-	-	-	0.00%
Capital grants and contributions	-	-	-	-	0.00%
General revenues -					
Property taxes	30,262	-	30,262	29,206	3.49%
Sales taxes	42,421	-	42,421	58,303	16.78%
Franchise taxes	16,787	-	16,787	16,370	2.48%
Intergovernmental	7,507	-	7,507	6,308	15.97%
Other general revenues	173	22,719	22,892	22,672	.96%
Investment earnings	-	4,433	4,433	1,965	55.67%
Gain (Loss) on disposal of capital assets	6,561	(6,561)	-	3,275	0.00%
Total revenues	136,545	417,561	554,106	552,399	.31%
Functions/Program expenses -					
General government	52,872	193,300	328,929	306,765	6.74%
Public safety	10,318	-	10,318	10,031	2.78%
Streets	60,071	-	60,071	53,067	11.66%
Health and welfare	820	-	820	570	30.49%
Utility operations	-	306,299	223,542	234,173	-4.76%
Bad debts written off	-	-	-	-	0.00%
Total expenses	124,081	499,599	623,680	604,606	3.06%
Increase (Decrease) in net position	\$ 12,465	\$ (82,038)	\$ (69,573)	\$ (52,207)	24.96%
Beginning net position	171,992	1,687,097	1,859,089	1,911,297	-2.81%
Ending net position	\$ 184,457	\$ 1,605,060	\$ 1,789,517	\$ 1,859,089	-3.89%

Governmental Fund Financial Analysis

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

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

Revenues	FYE2018 Amount	Percent of Total	FYE 2017 Amount	Increase (Decrease) From FYE 2017	Percent Increase (Decrease)
Taxes	\$ 89,470	68.83%	\$ 80,879	\$ 8,591	10.62%
Intergovernmental	7,507	5.78%	6,308	1,199	19.01%
Charges for services	2,100	1.62%	2,260	(160)	-7.08%
Fines and forfeitures	2,241	1.72%	4,721	(2,480)	-52.53%
Licenses and permits	28,493	21.92%	37,893	(9,400)	-24.81%
Miscellaneous	173	.13%	1,349	(1,176)	-87.18%
Total Revenues	\$ 129,984	100.00%	\$ 133,410	\$ (3,426)	-2.57%

Expenditures	FYE2018 Amount	Percent of Total	FYE 2017 Amount	Increase (Decrease) From FYE 2017	Percent Increase (Decrease)
General government	\$ 51,542	42.17%	\$ 52,058	\$ (516)	-0.99%
Police	9,639	7.89%	8,882	757	8.52%
Streets	55,392	45.33%	48,388	7,004	14.47%
Health and welfare	820	0.67%	570	250	43.86%
Capital outlay	4,818	3.94%	-	4,818	100.00%
Total Expenditures	\$ 122,210	100.00%	\$ 109,897	\$ 12,313	-11.20%

Budgetary Highlights

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

The General Fund final budgeted revenues were \$109,030 which was \$20,954 less than actual revenues. Current expenditures were \$15,725 less than the original budget. Capital Outlays were \$4,818 compared to budgeted capital outlays of \$-0- during the fiscal year.

A budgetary comparison statement for the General Fund is required and can be found on page 36. This statement compares the original adopted budget, the final amended budget, and the actual expenditures prepared on a budgetary basis which was prepared on the modified accrual basis of accounting.

Capital Assets

At June 30, 2018 and 2017, the Village had \$1,222,314 and \$1,302,425, respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment.

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,000	\$ 2,000	\$ 30,610	\$ 30,610	\$ 32,610	\$ 32,610
Buildings	49,773	46,349	7,091	3,079	52,864	49,428
Improvements other than buildings	-	-	229,062	231,264	229,062	231,264
Machinery and equipment	23,713	28,407	2,976	4,465	26,689	32,872
Furniture and fixtures	-	-	535	704	535	704
Vehicles	-	-	13,700	26,137	13,700	26,137
Infrastructure	7,823	8,423	-	-	7,823	8,423
Utility property	-	-	855,031	920,987	855,031	920,987
Totals	\$ 83,309	\$ 85,179	\$ 1,139,005	\$ 1,217,246	\$ 1,222,314	\$ 1,302,425

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

Further detail on capital assets is presented in Note 8 on page 25 and 26.

Economic Factors and Next Year's Budgets and Rates

The budget adopted for the fiscal year ending June 30, 2018 only shows a moderate decrease to maintain the services provided to the citizens of the Village.

The Village relies heavily on taxes and licenses and permits for the operations of the General Fund (89.02%). Therefore, governmental activities are impacted by the economic growth of the area.

The Public Utility Systems shows a negative net profit margin of 20% which has been a continuing trend over the past five years.

Contacting the Village's Financial Management

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

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Village of Morganza, Louisiana as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Village of Morganza, Louisiana as of June 30, 2018, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison and pension liability information on pages 1 through 6, page 36, and pages 37 and 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Morganza, Louisiana's basic financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer ("Other Supplementary Information") is presented on page 39 for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Supplementary information is the responsibility of management and was derived from and relate directly to underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Other Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated November 26, 2018, on my consideration of the Village's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

W. Kathleen Beard, CPA, LLC

Certified Public Accountant
Bueche, Louisiana
November 26, 2018

BASIC FINANCIAL STATEMENTS

Village of Morganza, Louisiana
Statement of Net Position
June 30, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents and investments	\$ 96,199	\$ 496,952	\$ 593,151
Restricted cash	-	32,316	32,316
Receivables (net of allowances for uncollectibles)	5,742	54,502	60,244
Inventory	-	7,821	7,821
Prepaid Items	2,398	22,156	24,554
Capital assets:			
Nondepreciable	2,000	215,640	217,640
Depreciable, net of accumulated depreciation	81,309	923,365	1,004,674
TOTAL ASSETS	<u>187,648</u>	<u>1,752,752</u>	<u>1,940,400</u>
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pensions	-	68,247	68,247
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>68,247</u>	<u>68,247</u>
LIABILITIES			
Accounts payable	\$ 1,894	\$ 5,159	\$ 7,053
Accrued liabilities	1,296	6,841	8,137
Due to other governments	-	18,216	18,216
Customer meter deposits	-	33,073	33,073
Compensated absences payable	-	5,988	5,988
Net pension liability	-	142,711	142,711
TOTAL LIABILITIES	<u>3,190</u>	<u>211,987</u>	<u>215,177</u>
DEFERRED INFLOWS OF RESOURCES			
Resources related to pensions	-	3,952	3,952
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>3,952</u>	<u>3,952</u>
NET POSITION			
Net Investment in Capital Assets	83,309	1,139,005	1,222,314
Unrestricted	101,148	466,055	567,203
TOTAL NET POSITION	<u>\$ 184,457</u>	<u>\$ 1,605,060</u>	<u>\$ 1,789,517</u>

The accompanying notes are an integral part of this statement.

Village of Morganza, Louisiana
Statement of Activities
For the Year Ended June 30, 2018

	Program Revenues				Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions		Governmental Activities	Business-type Activities	Total
Governmental Activities								
General government	\$ 52,872	\$ 28,493	\$ -	\$ -	\$ (24,379)	\$ (24,379)	\$ -	\$ (24,379)
Public safety	10,318	2,241	-	-	(8,078)	(8,078)	-	(8,078)
Public works	60,071	2,100	-	-	(57,971)	(57,971)	-	(57,971)
Health and welfare	820	-	-	-	(820)	(820)	-	(820)
Total Governmental Activities	124,081	32,833	-	-	(91,248)	(91,248)	-	(91,248)
Business-type Activities								
General and administrative	193,300	-	-	-	(193,300)	-	(193,300)	(193,300)
Natural Gas	93,625	221,393	-	-	127,768	-	127,768	127,768
Water	97,210	80,996	-	-	(16,214)	-	(16,214)	(16,214)
Sewer	115,464	94,581	-	-	(20,883)	-	(20,883)	(20,883)
Total Business-type Activities	499,599	396,970	-	-	(102,629)	-	(102,629)	(102,629)
Total Primary Government	\$ 623,680	\$ 429,803	\$ -	\$ -	\$ (193,877)	\$ (91,248)	\$ (102,629)	\$ (193,877)
General Revenues:								
Property taxes						\$ 30,262	\$ -	\$ 30,262
Sales taxes						42,421	-	42,421
Franchise taxes						16,787	-	16,787
Intergovernmental						7,507	-	7,507
Other general revenues						173	22,719	22,892
Investment earnings						-	4,433	4,433
Transfer In/(out)						6,561	(6,561)	-
Total general revenues and transfers						103,712	20,591	124,304
Change in Net Position						12,465	(82,038)	(69,573)
Net position-beginning						171,992	1,687,097	1,859,089
Net position-ending						\$ 184,457	\$ 1,605,059	\$ 1,789,516

The accompanying notes are an integral part of this statement.

**Village of Morganza, Louisiana
Balance Sheet
Governmental Funds
June 30, 2018**

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS		
Cash and cash equivalents	\$ 96,199	\$ 96,199
Receivables -		
Taxes and licenses	4,051	4,051
From other governments	1,591	1,591
Other	100	100
Due from other funds	-	-
Prepaid insurance	2,398	2,398
TOTAL ASSETS	\$ 104,339	\$ 104,339
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 1,894	\$ 1,894
Accrued expenses	1,296	1,296
Due to other funds	-	-
Due to other governments	-	-
Total Liabilities	3,190	3,190
Fund balances:		
Nonspendable - prepaid insurance	2,398	2,398
Assigned for Budget stabilization	21,405	21,405
Unassigned	77,345	77,345
Total Fund balances	101,148	101,148
TOTAL LIABILITIES AND FUND BALANCES	\$ 104,339	\$ 104,339

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the Balance Sheet - Governmental Funds (net of accumulated depreciation of \$142,741)

83,309

Net Position of Governmental Activities (Statement A)

\$ 184,457

The accompanying notes are an integral part of this statement.

Village of Morganza, Louisiana
Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds
For the Year Ended June, 30, 2018

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
Taxes:		
Ad valorem	\$ 30,262	\$ 30,262
Sales and use	42,421	42,421
Franchise tax	16,787	16,787
Licenses and permits	28,493	28,493
Intergovernmental revenues:		
State funds:		
LGAP Grant	-	-
Beer and video poker taxes	7,507	7,507
Fees, charges, and commissions for services	2,100	2,100
Fines and forfeitures	2,241	2,241
Other revenues	173	173
Total Revenues	129,984	129,984
EXPENDITURES		
General government	51,542	51,542
Public safety	9,639	9,639
Public works	55,392	55,392
Health and welfare	820	820
Capital outlay	4,818	4,818
Total Expenditures	122,210	122,210
Excess (deficiency) revenues over expenditures	7,774	7,774
OTHER FINANCING SOURCES (USES)		
Transfers In	6,561	6,561
Total Other Financing Sources and Uses	6,561	6,561
Net Change in Fund Balance	14,335	14,335
Fund balances -- beginning	86,813	
Fund balances -- ending	\$ 101,148	

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

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

Depreciation expense	(6,688)
Capital outlays	4,818

Change in Net Position of Governmental Activities (Statement B)	\$ 12,465
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The accompanying notes are an integral part of this statement.

STATEMENT E

Village of Morganza, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2018

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
	Public Utilities
ASSETS	
Current Assets:	
Cash and cash equivalents and investments	\$ 496,952
Customer receivables (net of allowances for uncollectibles)	54,502
Due from other governments	-
Inventory	7,821
Prepaid items	22,156
Total Current Assets	581,431
Noncurrent Assets:	
Restricted cash	32,316
Capital assets:	
Nondepreciable	215,640
Depreciable, net of accumulated depreciation	923,365
Total Capital Assets	1,139,005
Total Noncurrent Assets	1,171,321
TOTAL ASSETS	1,752,752
DEFERRED OUTFLOWS OF RESOURCES	
Resources related to pensions	68,247
TOTAL DEFERRED OUTFLOWS OF RESOURCES	68,247
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 5,159
Accrued expenses	6,841
Due to other governments	18,216
Compensated absences payable	5,988
Total Current Liabilities	36,203
Noncurrent Liabilities:	
Payable from restricted assets	
Customer meter deposits	33,073
Other Long-term liabilities	
Net pension liability	142,711
Total Non-Current Liabilities	175,784
TOTAL LIABILITIES	211,987
DEFERRED INFLOWS OF RESOURCES	
Resources related to pensions	3,952
TOTAL DEFERRED INFLOWS OF RESOURCES	3,952
NET POSITION	
Net investment in capital assets	1,139,005
Unrestricted	466,055
TOTAL NET POSITION	\$ 1,605,060

The accompanying notes are an integral part of this statement.

STATEMENT F

Village of Morganza, Louisiana
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND Public Utilities
Operating Revenues	
Charges for services:	
Natural Gas charges	\$ 221,393
Water charges	80,996
Sewer charges	94,581
Penalties	8,099
Miscellaneous	14,620
Total Operating Revenues	419,689
Operating Expenses	
General and administrative	193,300
Natural gas expenses	93,625
Water expenses	97,210
Sewer expenses	115,464
Total Operating Expenses	499,599
Operating Income/(Loss)	(79,910)
Nonoperating Revenues (Expenses)	
Intergovernmental - state grants (CWEF)	-
Intergovernmental - state grants (LGAP)	-
Interest earnings	4,433
Total Nonoperating Revenues (Expenses)	4,433
Income Before Contributions and Transfers	(75,477)
Contributions and Transfers	
Transfers In	-
Transfer Out	(6,561)
Total Contributions and Transfers	(6,561)
Change in Net Position	(82,038)
Total Net Position-Beginning	1,687,097
Total Net Position-Ending	\$ 1,605,060

The accompanying notes are an integral part of this statement.

STATEMENT G

**Village of Morganza, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018**

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
	Public Utilities
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 402,685
Payments to suppliers	(276,985)
Payments to employees	(139,999)
Net Cash Provided (used) by Operating Activities	<u>(14,299)</u>
Cash Flows From NonCapital Financing Activities	
Decrease in amount due other governments	(8,679)
Transfer out to to general fund	(6,561)
Net Cash Provided (used) by Noncapital Financing Activities	<u>(15,240)</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds from State grants	-
Purchases of capital assets	(4,818)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>(4,818)</u>
Cash Flows From Investing Activities	
Investment income	4,433
Net Cash Provided (used) by Investing Activities	<u>4,433</u>
Net Increase (decrease) in Cash and Cash Equivalents	(29,924)
Cash and Cash Equivalents, Beginning of Year	<u>559,192</u>
Cash and Cash Equivalents, End of Year	<u><u>529,268</u></u>
Cash and Cash Equivalents, Beginning of Year:	
Unrestricted	\$ 527,061
Restricted	32,131
	<u>\$ 559,192</u>
Cash and Cash Equivalents, End of Year:	
Unrestricted	\$ 496,952
Restricted	32,316
	<u>\$ 529,268</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided (used) by Operating Activities	
Operating income/(loss)	(79,910)
Depreciation expense	83,059
Adjustments:	
(Increase) decrease in accounts receivable	(17,163)
(Increase) decrease in prepaid expenses	(8,169)
Increase (decrease) in accounts payable and accrued liabilities	(3,435)
Increase (decrease) in customer deposits	159
(Increase) decrease in deferred outflows of resources	(20,959)
Increase (decrease) in deferred inflows of resources	377
Increase (decrease) in net pension liability	31,742
Total Adjustments	<u>(17,448)</u>
Net Cash Provided (used) by Operating Activities	<u>\$ (14,299)</u>

The accompanying notes are an integral part of this statement.

Village of Morganza, Louisiana

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Morganza, Louisiana (the "Village") was incorporated on March 6, 1908, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The Village provides police protection; streets and drainage maintenance; public improvements; gas, water, and sewer services; and general administration to approximately 680 residents. The Village operates under a Mayor-Board of Aldermen Council form of government. The Mayor and three Council Members are elected at large to serve a four year term. The Village of Morganza is located in Pointe Coupee Parish with a geographic area of approximately six square miles. The Village employs three full-time employees and four part-time employees.

Reporting Entity

As a municipal governing authority, for reporting purposes, the Village of Morganza, Louisiana, is considered a separate financial reporting entity. The financial reporting entity consists of (1) the primary government (municipality), (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 14 established governmental accounting and financial reporting principles. GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village of Morganza, Louisiana, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - The ability of the municipality to impose its will on that organization, and/or
 - 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.

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial data of the Village of Morganza, Louisiana (the primary government) which has no component units.

Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America and with GASB Statement 34 "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments" issued in June 1999.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. They include all funds of the reporting entity. 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.

Village of Morganza, Louisiana

Notes to the Financial Statements

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Village's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Village and (b) 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. The Village does not allocate indirect costs. Except for transfers between the Village's enterprise fund and its governmental funds, all interfund activity has been eliminated.

Fund Financial Statements

The Village uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Village are classified into two categories: governmental and proprietary/enterprise. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is a primary operating fund of the Village; if the total assets, liability, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; or if the 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 Village reports these major funds:

Governmental Funds:

General Fund - is the Village's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund. The activities reported in this fund are reported as governmental activities in the government-wide financial statements.

Proprietary Funds:

Enterprise Fund - is required to be 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. The Village's enterprise fund account for its natural gas distribution system, water distribution system and its sewer system.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Village of Morganza, Louisiana

Notes to the Financial Statements

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business –type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary funds utilize the accrual basis of accounting under which revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

During the year ended June 30, 2015, the Village adopted the provisions of GASB Statement No. 68, *Accounting for Financial Reporting for Pensions*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The adoption of GASB 68 and 71 required significant changes to the financial statements of the Village. The principal objective of these Statements is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees-both active employees and inactive employees-are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations. An additional objective is to improve the information provided in government financial reports about pension-related financial support provided by certain non-employer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Deferred Outflows of Resources and Deferred Inflows of Resources and Net Position

In December 2010, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has only one item that qualifies for reporting in this category. It is the deferred charge for the Village's contribution to the Municipal Employees' Retirement System during the period subsequent to the measurement date of the pension liability.

Village of Morganza, Louisiana

Notes to the Financial Statements

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Village has only one item that qualifies for reporting in this category. It is the deferred charge for the Village's proportionate share of the retirement system's differences between expected and actual experience, investment earnings and changes in proportion.

Budgets

The Village uses the following budget practices:

- The Mayor prepares the annual budget for the General Fund and Enterprise Fund on the GAAP Basis along with the Ordinance for adoption no later than 15 days prior to the beginning of the fiscal year.
- Since the budget for the General Fund is less than \$500,000, the Village is not required to hold a public hearing, however, the proposed annual budget is made available for public inspection at the office of the Mayor no later than 15 days prior to the end of the fiscal year.
- The proposed budget is adopted at open meeting before the end of the fiscal year.
- There were no budget amendments made during the fiscal year. Appropriations (unexpended budget balances) lapse at year end.

Accounting Estimates

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

Property Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 1 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year by the parish tax collector.

Cash, Cash Equivalents, and Investments

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

State statutes authorize the Village of Morganza, Louisiana to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is administered by LAMP, Inc. a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S.33:2955.

Village of Morganza, Louisiana

Notes to the Financial Statements

Accounts Receivable and Bad Debts

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible (allowance method). The Village utilized the allowance account during the current year to write off uncollectible accounts in the amount of \$7,063.

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

Natural Gas System	50 Years
Water System	10- 50 Years
Sewer System	5 – 50 Years
Equipment	5 Years
Furniture and Office Equipment	3 - 10 Years
Vehicles	5 Years

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

Compensated Absences

Village employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement, or when sick, in varying amounts depending on length of service. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the public utility fund only for amounts that have become due. At June 30, 2018, accumulated unpaid vacation leave is considered material and therefore has been accrued in the financial statements in the amount of \$5,988.

Village of Morganza, Louisiana

Notes to the Financial Statements

Equity Classification

Government Wide and Proprietary Fund Net Position

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

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

Restricted or unrestricted amounts are considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted net assets are available. Restricted amounts would be reduced first, when expenditures are incurred for purposes for which restriction was established.

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

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

When fund balance resources are available for a specific purpose, the Village considers the most restrictive funds to be used first. However, the Village reserves the right to spend unassigned resources first when deemed appropriate.

Sales and Use Tax

The Village has a one per cent sales and use tax approved by the voters, for an indefinite period. The tax, after all necessary costs for collection and administration, is available for general purposes.

Village of Morganza, Louisiana

Notes to the Financial Statements

NOTE 2 - LEVIED TAXES

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of "use" value; and all other property is to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property every four years.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of property taxes levied by the Village. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

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

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

The following is a summary of authorized and levied ad valorem taxes for the year 2017:

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents:

The following is a summary of cash and cash equivalents at June 30, 2018:

	Carrying Amount
Petty cash/cash on hand	\$ 548
Demand deposits	266,927
LAMP	357,992
Total Cash and Cash Equivalents	<u>\$ 625,467</u>

Deposits:

At year end, the carrying amount (book balance) of the Village's deposits was \$266,927 and the bank balance was \$273,442. Of the bank balance, the entire balance completely covered by federal depository insurance.

Village of Morganza, Louisiana

Notes to the Financial Statements

Investments:

Investments held at year end include \$357,992 invested in the Louisiana Asset Management Pool, Inc. (LAMP) (see Summary of Significant Accounting Policies).

- Credit Risk: LAMP is rated AAAM by Standard's & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore no disclosure is required
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days OR 762 days for U. S. Government floating/variable rate investments.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool of shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2018 consist of the following:

	<u>General Fund</u>	<u>Public Utility</u>	<u>Total</u>
Tax and license -			
Franchise taxes	\$ 3,800	\$ -	\$ 3,800
Occupational license	251	-	251
Intergovernmental -			
LA Video poker tax	1,221	-	1,221
LA Beer tax	369	-	369
LA Department of Transportation	2,100	-	2,100
Customers -			
Accounts	100	62,084	62,184
Total Gross Receivables	<u>7,842</u>	<u>62,084</u>	<u>69,925</u>
Less: Allowance for uncollectible accounts	-	(7,937)	(7,937)
Totals	<u>\$ 7,842</u>	<u>\$ 54,147</u>	<u>\$ 61,988</u>

Village of Morganza, Louisiana
Notes to the Financial Statements

NOTE 5 - INTERFUND TRANSACTIONS

Interfund loans receivable are considered “available spendable resources.” Generally, outstanding balances between funds reported as “due to/from other funds” include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/payables between funds. At June 30, 2018 Due to/from balances were \$0.

Interfund transfers are reported for the General and Enterprise Fund as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
General Fund	\$ 6,561	\$ -	\$ 6,561
Enterprise Fund - Public Utility	-	(6,561)	(6,561)
	<u>\$ 6,561</u>	<u>\$ (6,561)</u>	<u>\$ -</u>

NOTE 6 – RESTRICTED ASSETS

Restricted assets consist of utility customer deposits totaling \$32,316 at June 30, 2018. Customer deposits payable from restricted assets totaled \$33,073 at June 30, 2018.

NOTE 7 - UTILITY SERVICE AGREEMENT (Due other Governments)

An agreement between the Solid Waste Disposal System of the Parish of Pointe Coupee and the Village of Morganza provides for the billing of customers on the Village's system. Under the terms of the agreement, the Village retains a \$.85 per customer as a billing fee. The amount owed to the Solid Waste Disposal System as of June 30, 2018 is \$11,300.

An agreement between the Mosquito Abatement District of the Parish of Pointe Coupee and the Village of Morganza provides for the billing of customers on the Village's system. Under terms of the agreement the Village retains a .57 per customer as a billing fee. The amount owed to the Mosquito Abatement District as of June 30, 2018 is \$,1674.

On March 12, 2013 the Pointe Coupee Parish Police Jury approved an ordinance that imposes a drainage maintenance fee of \$2.50 on all owners and or other occupants of dwellings and business places to provide revenue to defray the cost of providing and maintaining a system of drainage within the parish. The fee is to be assessed and collected either directly by the police jury or by municipalities providing utility service within the parish. Under terms of the agreement the Village retains a .85 per customer as a billing fee. At June 30, 2017 the Village owed Pointe Coupee Parish Police Jury \$4,984 for fees collected.

Village of Morganza, Louisiana
Notes to the Financial Statements

NOTE 8 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2018 was as follows:

	Balance <u>6/30/2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2018</u>
Governmental Activities				
Non-depreciable:				
Land	\$ 2,000	\$ -	\$ -	\$ 2,000
Total Non-depreciable	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Depreciable:				
Buildings	58,426	4,818	-	63,244
Equipment	116,676	-	(3,571)	113,105
Furniture and fixtures	2,302	-	-	2,302
Vehicles	30,399	-	-	30,399
Infrastructure	15,000	-	-	15,000
Total Depreciable	<u>222,803</u>	<u>4,818</u>	<u>(3,571)</u>	<u>224,050</u>
Less: Accumulated depreciation				
Buildings	12,077	1,393	-	13,471
Equipment	88,268	4,695	(3,571)	89,392
Furniture and fixtures	2,302	-	-	2,302
Vehicles	30,399	-	-	30,399
Infrastructure	6,577	600	-	7,177
Total accumulated depreciation	<u>139,623</u>	<u>6,688</u>	<u>(3,571)</u>	<u>142,741</u>
Total Depreciable, Net	<u>83,179</u>			<u>81,309</u>
Governmental Activities Capital Assets, net	<u>\$ 85,179</u>			<u>\$ 83,309</u>

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

General government	\$ 1,330
Public safety - police	679
Public works	4,679
	<u>\$ 6,688</u>

Village of Morganza, Louisiana
Notes to the Financial Statements

Capital asset activity for business type activities for the year ended June 30, 2018 was as follows:

	Balance <u>6/30/2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2018</u>
Business-type Activities				
Non-depreciable				
Land	\$ 30,610	\$ -	\$ -	\$ 30,610
Land improvements	185,030	-	-	185,030
Construction in progress	-	-	-	-
Total Non-depreciable	<u>215,640</u>	-	-	<u>215,640</u>
Depreciable:				
Improvements	71,593	-	-	71,593
Buildings	11,291	4,818	-	16,109
Utility systems	2,710,355	-	-	2,710,355
Equipment	97,976	-	-	97,976
Furniture and fixtures	2,403	-	-	2,403
Vehicles	69,645	-	-	69,645
Total Depreciable	<u>2,963,263</u>	<u>4,818</u>	-	<u>2,968,081</u>
Less: Accumulated depreciation				
Improvements	25,359	2,202	-	27,561
Buildings	8,212	805	-	9,018
Utility systems	1,789,368	65,957	-	1,855,325
Equipment	93,511	1,488	-	95,000
Furniture and fixtures	1,699	169	-	1,868
Vehicles	43,508	12,438	-	55,945
Total Accumulated depreciation	<u>1,961,657</u>	<u>83,059</u>	-	<u>2,044,716</u>
Total Depreciable, net	<u>1,001,606</u>			<u>923,365</u>
Business-type Activities Capital Assets, net	<u>\$ 1,217,246</u>			<u>\$ 1,139,005</u>

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

Public Utility:	
General and administrative	\$ 3,519
Natural gas	3,109
Water	37,935
Sewer	38,495
	<u>\$ 83,059</u>

Village of Morganza, Louisiana

Notes to the Financial Statements

NOTE 9 - PENSION PLAN AND RETIRMENT COMMITMENTS

Social Security and Medicare -

All employees of the Village are members of the Federal Social Security and Medicare System. The total payroll for employees of the Village covered by the System for the year ended June 30, 2018, was \$185,651.

The total contribution to the System is 15.3% of taxable payroll of which the Village contributes 7.65% and employees contribute 7.65% each. For the year ended June 30, 2018, the Village contributed \$14,171 to the System.

Municipal Employees' Retirement System of Louisiana (System) –

The Municipal Employees' Retirement System of Louisiana (System) was originally established by Act 456 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of the System. Act 569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System of Louisiana, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

Summary of Significant Accounting Policies

The Municipal Employees' Retirement System prepares its employer schedules in accordance with the Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

A .Basis of Accounting

The Municipal Employees' Retirement System's employer schedules are prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

B .Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates and assumptions primarily relate to actuarial valuations or unsettled transactions and events as of the date of the financial statements and estimates in the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

C .System Employees

The System is not allocated a proportionate share of the net liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

Village of Morganza, Louisiana

Notes to the Financial Statements

Plan Description: The Municipal Employees' Retirement System of Louisiana (System) was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, and cities with the state, which did not have their own retirement system and which elected to become members of the System.

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are elected to office in accordance with the Louisiana Election Code, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are not elected officials; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana; the commissioner of administration, who shall be a nonvoting member; and the State Treasurer, who shall be a nonvoting member.

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS).

Act 569 of the year 1968 established by the Legislature of the State of Louisiana provided an optional method for municipalities to cancel Social Security and come under supplemental benefits in the Municipal Employees' Retirement System of Louisiana, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

Plan Membership: The system provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. The System is composed of two distinct plans, Plan A and Plant B, with separate assets and benefit provisions. For the year ended June 30, 2017, there were 84 contributing municipalities with 11,423 participants in Plan A and 68 contributing municipalities with 4,563 participants in Plan B. Four active employees of the Village are members of Plan B.

Plan eligibility and benefits are as follows:

Eligibility Requirements: Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least 35 hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System, with exceptions as outlined in the statutes.

Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

Retirement Benefits: Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Under Plan B, employees who were hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years credible service at death of member.

Village of Morganza, Louisiana

Notes to the Financial Statements

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Seven years or more of service, at age sixty-seven or thereafter.
2. Ten years or more of service, at age sixty-two, or thereafter.
3. Thirty years or more of service, at age fifty-five or thereafter.
4. Twenty-five years of service credit at any age, exclusive of military service and unused annual sick leave.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Eligibility for Retirement for Plan A and Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of credible service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 55 with thirty (30) or more years of creditable service.
4. Any age with twenty five (25) years of creditable service, exclusive of military service and unused sick leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Survivor Benefits: Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

1. Surviving spouse who is married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty percent benefit payable when the surviving spouse attains the age of sixty years.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost of living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his

Village of Morganza, Louisiana

Notes to the Financial Statements

account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits: For Plan B, a member shall be eligible to retire or receive a disability benefit if he has at least ten years of creditable service; in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement, caused by a disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Cost of Living Increases: The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits: Both, Plan A and Plan B provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at the time of withdrawal.

Contributions: The contribution requirements of Plan B members and the Village are established by State statutes. Member contributions are at 5% of earnable compensation for Plan B.

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the actual employer contribution rate was 22.75% for Plan A and 11.00% for Plan B. Employees of the Village are required to contribute 5.0% of covered compensation to the Plan. The contributions are deducted from the employees' wages and remitted to the Municipal Employees Pension Fund on a monthly basis. The Village of Morganza contributions to the Plan for the years ending June 30, 2018, 2017, and 2016 were \$17,322, \$13,467, and \$9,344, respectively.

In accordance with state statute, the System receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The Village of Morganza recognized income from non-employer contributions of \$4,106.

Administrative costs of the System are financed through employer contributions.

Actuarial Methods and Assumptions:

Net Pension Liability – The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position

Village of Morganza, Louisiana

Notes to the Financial Statements

The components of the net pension liability of the System's employers for Plan B determined in accordance with GASB No. 67 as of June 30, 2017 are as follows:

	Plan B
	June 30, 2017
Total pension liability	\$ 236,991,237
Plan fiduciary net position	150,467,958
Employer net pension liability	\$ 86,523,279
Plan fiduciary net position as % of total pension liability	63.49%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2017 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014.

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
Actual Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years for Plan A and 4 years for Plan B
Investment rate of return	7.400%
Inflation rate	2.775%
Salary increases	5.000%
Annuitant and beneficiary mortality	For annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality Tables (set forward 2 years for males and 1 year for females projected to 2028 using scale AA.
Employee mortality	RP-2000 Employees Sex Distinct Table set back 2 years for both males and females
Disabled lives mortality	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females

Village of Morganza, Louisiana

Notes to the Financial Statements

Discount Rate The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.3%
Public fixed income	35%	1.6%
Alternatives	15%	.07%
Totals	100%	4.6%
Inflation		2.6%
Expected Arithmetic Nominal Return		7.2%

The discount rate used to measure the total pension liability was 7.40% for the years ended June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2017 is 3 years for Plan A and 4 years for Plan B.

Village of Morganza, Louisiana

Notes to the Financial Statements

Sensitivity of the Village's Proportional Share of the Net Pension Liability To Changes in the Discount Rate: The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as the Village's net pension liability calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2017:

Village of Morganza Proportional Share	<u>Change in Discount Rate - Plan B</u>		
	1% Decrease	Current Discount Rate 7.40%	1% Increase 8.40%
Net Pension Liability	\$ 184,652	\$ 142,711	\$ 106,920

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2017 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience: Plan B - Differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources.

Differences between Projected and Actual Investment Earnings: Plan B - Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources.

Changes of Assumptions or Other Inputs: Plan B - Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of expected remaining service lives of all employees that are provided with pensions through the pension plan. There were no changes of assumptions in the current year.

Changes in Proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in pension expense (benefit) using the straight -line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share: Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of pension amounts by employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: At June 30, 2018 the Village reported a liability of \$142,711 for its Proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Village's proportion was 0.164939%, which was an increase of .0321 from its proportion measured as of June 30, 2016.

Village of Morganza, Louisiana

Notes to the Financial Statements

For the year ended June 30, 2018, the Village recognized pension expense of \$28,482. At June 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$747	\$3,098
Changes of assumptions	6,283	-
Net difference between projected and actual earnings on Plan investments	30,069	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	13,826	854
Village contributions subsequent to the measurement date	-	-
Amortization	17,321	-
	-	-
Totals	\$68,247	\$3,952

The \$17,321 of deferred outflows of resources resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan as follows:

	Year ending June 30,
2018	17,652
2019	16,759
2020	11,210
2021	1,353
\$	46,974

Retirement Fund Audit Report: Detailed information about MERS's fiduciary net position is available in stand-alone audit report on their financial statements for the year ended June 30, 2016. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lia.la.gov or by contacting the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

NOTE 10 - CENTRALIZED COLLECTION AGENCY AGREEMENT

In accordance with Paragraph (B)(1) of Section 3 of Article VII of the Constitution of the State of Louisiana, the Village entered into an agreement on May 20, 1992 with all of the sales and use taxing authorities of the Parish of Pointe Coupee designating the Sales Tax Department of the Pointe Coupee Parish Police Jury as the single tax collection entity. The agreement is effective as of July 1, 1992, the agreement authorizes the Village to compensate the collection agency 1.25% of the gross amounts collected.

Village of Morganza, Louisiana
Notes to the Financial Statements

NOTE 11 - COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the mayor and board members is as follows:

	Salary
Aldermen/Alderwomen	
Stephanie Savoy	\$ 1,200
Clarence Wells	2,400
Debbie Guedry	2,400
Mary C. Plauche	1,000
	\$ 7,000

NOTE 12 - RISK MANAGEMENT

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

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

The Village has contracted with Louisiana Municipal Risk Management Agency to provide liability coverage for general acts, law enforcement, and public officials' errors and omissions. In addition, the Village has contracted with a commercial insurance company to provide liability coverage on vehicles. At June 30, 2018, no significant claims were owed and no liability has been recorded.

NOTE 13 - SUBSEQUENT EVENTS

Management has performed an evaluation of the Village's activities through November 26, 2018, and has concluded that there are no significant subsequent events requiring recognition or disclosure through the date and time these financial statements were available to be issued on November 26, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

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

Village of Morganza, Louisiana
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Over(Under)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 76,700	\$ 76,700	\$ 89,470	\$ 12,770
Intergovernmental	5,300	5,300	7,507	2,207
Charges for services	2,450	2,450	2,100	(350)
Fines and forfeitures	8,200	8,200	2,241	(5,960)
Licenses and permits	16,330	16,330	28,493	12,163
Investment income	-	-	-	-
Miscellaneous	50	50	173	123
Total Revenues	109,030	109,030	129,984	20,954
Expenditures				
Current:				
General government	65,505	65,505	51,542	13,963
Police	15,980	15,980	9,639	6,341
Streets	55,700	55,700	55,392	308
Health and welfare	750	750	820	(70)
Capital outlays	-	-	4,818	(4,818)
Total Expenditures	137,935	137,935	122,210	15,725
Excess (deficiency) of Revenues Over Expenditures	(28,905)	(28,905)	7,774	36,679
Other Financing Sources (Uses)				
Transfers In	-	-	6,561	6,561
Total Other Financing Sources (uses)	-	-	6,561	6,561
Net Change in Fund Balance	(28,905)	(28,905)	14,335	43,240
Fund Balance Beginning of Year	55,609	55,609	86,813	31,204
Fund Balance End of Year	\$ 26,704	\$ 26,704	\$ 101,148	\$ 74,444

Notes to the Schedule

- (1) Budget utilizes the modified accrual basis of accounting (GAAP)
- (2) The budget was not amended
- (3) Budget reflects excess expenditures over appropriations due to current operating costs
- (4) State Law requires the Village to amend its budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the fiscal year ended June 30, 2018, total actual revenues exceeded budgeted revenues by 16 % and actual expenditures were 13% less than the final adopted budget.

**REQUIRED SUPPLEMENTARY INFORMATION
SUPPLEMENTARY INFORMATION RELATED TO LOUISIANA MUNICIPAL
EMPLOYEES RETIREMENT SYSTEM**

Schedule of Village's Proportionate Share of Net Pension Liability – MERS Plan B

Schedule of Village's Contributions to MERS – Plan B

**Village of Morganza, Louisiana
 Proprietary Fund - Public Utility System
 Schedule of Village's Proportionate Share of
 Net Pension Liability
 Municipal Employee Retirement System (MERS)**

Fiscal Year Ended June 30:	2018	2017	2016	2015	2014
Village's proportion of the net pension liability	0.1649%	0.1339%	0.137%	0.136%	0.141%
Village's proportionate share of the net pension liability	\$ 142,711	\$ 110,969	\$ 93,157	\$ 64,037	\$ 77,712
Village's covered-employee payroll	\$ 130,728	\$ 122,428	\$ 98,362	92,514	90,834
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	109.17%	90.64%	94.71%	69.22%	85.55%
Plan fiduciary net position as a percentage of the total pension liability.	63.34%	63.34%	68.71%	76.94%	71.92%

The amounts presented for each fiscal year were determined as of the end of the prior fiscal year.

Village of Morganza, Louisiana
 Proprietary Fund - Public Utility System
 Schedule of Village's Contributions

Municipal Employee Retirement System (MERS)

Fiscal Year Ended June 30:	2018	2017	2016	2015	2014
Contractually required contribution	\$ 17,322	\$ 9,344	\$ 9,033	\$ 9,035	\$ 8,095
Contributions in relation to the contractualalloy required contribution	17,322	9,344	9,033	9,035	8,095
Contribution deficiency (excess)	<u>\$ -</u>				
Village's covered-employee payroll	\$ 130,728	\$ 122,428	\$ 98,362	\$ 95,108	\$ 92,514
Contribution as a percentage of covered-employee payroll	13.25%	7.63%	9.18%	9.50%	8.75%

OTHER INFORMATION

Schedule of Compensation, Benefits and other Payments to Agency Head or Chief Executive Officer required by Act 706 of the 2014 Legislative Session which amends Louisiana Revised Statute 24:513(A) (3)

Village of Morganza, Louisiana
Schedule of Compensation, Benefits and other Payments To
Agency Head or Chief Executive Officer
June 30, 2018

Agency Head Name: Salvatore J. Tuminello, Mayor

Purpose:	<u>Amount</u>
Salary	\$ 4,200
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Social security and medicare employer contributions	321
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Conference travel	339
Conference fees	275
Continuing professional education fees	-
Housing	-
Meals	-
Unvouchered expenses	-
Telephone	1,150
	<u>\$ 6,285</u>

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Village of Morganza, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued my report thereon dated November 26, 2018.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

W. Kathleen Beard

Certified Public Accountant
Bueche, Louisiana
November 26, 2018

**Village of Morganza, Louisiana
Schedule of Findings and Responses
For the Year Ended June 30, 2018**

Summary of Audit Results

Financial Statements

Type of auditor's report issued: Unmodified Opinion

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

Noncompliance Material to the Financial Statements __ Yes X None reported

Internal Control and Compliance Findings Material to the Financial Statements

There were no findings.

Federal Awards

N/A - Federal awards below \$750,000 thresh hold required by OMB Circular A-133

Management Letter

No management letter was issued

Village of Morganza, Louisiana
Summary Schedule and Resolution of Prior Year Findings
June 30, 2018

Findings - Compliance

2017-1 Violation of LA-R.S. 39:1224 (Banking Law)

Condition: Deposits in the amount of \$30,329 were in excess of federal depository insurance and were not insured and collateralized with the pledge of securities by the financial institution.

Criteria: As required by LRS 39:1224, all deposits in excess of federal depository insurance are required to be collateralized with the pledge of securities by the financial institution.

Recommendation: Management must carefully monitor bank account balances on an ongoing basis to ensure public funds deposited in financial institutions are properly insured and collateralized. The financial institution should be notified immediately to provide the required collateralization, funds could also be moved to other financial institutions, if desired.

Management's Response: Management will transfer funds to the LAMP account anytime the balance nears the \$250,000 protected amount and will continue to monitor all accounts in the future.

2016-1 Violation of LRS 39:1303 "Local Budget Act"

Resolution: The finding was resolved in the current fiscal year by transferring funds to LAMP and monitoring account throughout the year.

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Board of Alderpersons of
The Village of Morganza and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Village of Morganza (Entity) and the Louisiana 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, 2017 through June 30, 2018. The Entity'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 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
Written policies and procedures were obtained and addressed the functions noted above.
 - 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.
Written policies and procedures were obtained and addressed the functions noted above with the exception of (2) how vendors are added to the vendor list and (5) documentation requirements for all bids and price quotes. Due to its small size, the Village does not utilize purchase requisitions and purchase orders.
 - c) ***Disbursements***, including processing, reviewing, and approving
Written policies and procedures were obtained and addressed the functions noted above.
 - 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).
Written policies and procedures were obtained and addressed the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies and procedures were obtained and addressed the functions noted above.

- 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

Written policies and procedures were obtained contracting was not addressed.

- 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)

Written policies and procedures were obtained and addressed the functions noted above with the exception of (1) how cards are to be controlled, and (5) monitoring

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Written policies and procedures were obtained and addressed the functions noted above.

- i) **Ethics¹**, 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.

Written policies and procedures were obtained and addressed the functions noted above.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained but did not address debt service.

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.

Obtained board minutes and determined that they met 10 out of 12 months during the fiscal year

- 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.*

Monthly budgetary comparisons were provided the mayor and board by handout. Budgetary comparison reports were referenced in minutes for meetings in 4 out of 10 months, December through March.

- 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.

Not applicable – the Village did not have a negative unrestricted fund balance

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:

Obtained listing of bank accounts provided by management and management's representation that the listing is complete.

- 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);

Per review of bank reconciliations each account was reconciled within 2 months without exception

- 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

Per review 3 of 4 accounts tested lacked evidence of review by a member/board member who does not handle cash, post ledgers or issue checks

- 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.

Per review, noted research for reconciling items that have been outstanding for more than 12 months for 1 accounts, not applicable for 3 other accounts

Collections

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).

Obtained listing of deposit sites provided by management and managements representation that the listing is complete.

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.

Noted that Clerk and Utility Clerk do not share cash drawers.

- 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.

The Village has a process for the Clerk to reconcile deposits to corresponding utility payment registers and to the general ledger posting. The Clerk's responsibility for cash collections is limited to absences of the Utility Clerk

- 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 Utility Clerk is responsible for collecting customer payments, posting to the customer's account and preparing deposits, the Clerk reviews utility deposits and reconciles to utility payment registers before making the deposit and posting to the general ledger.

- 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.

The Clerk is only responsible for cash collections in the absence of the Utility Clerk.

- e) Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All employees of the Village are bonded.

- 6. 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)². *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.

Noted sequentially numbered receipts for utility collections and separate sequentially numbered receipts for general fund collections

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Traced supporting documentation to deposit slip without exception.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Traced deposit slip total to deposit per bank statement without exception.

- 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).

All deposits tested were deposited with 1 week. (Town Hall over 10 miles from bank.)

- e) Trace the actual deposit per the bank statement to the general ledger.

Traced all deposits tested to bank statement and to general ledger without exception.

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).

Obtained listing of locations that process payments and management's representation that the listing is complete.

- 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.

Written documentation was obtained and addresses the functions noted above.

- b) At least two employees are involved in processing and approving payments to vendors.

Written documentation was obtained and addresses the functions noted above.

- 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.

Written documentation was obtained but does not address adding/modifying vendor files without another employee reviewing changes to vendor files.

- 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, who processes payments also handles mailing of the signed checks.

- 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:

Obtained non-payroll disbursement transaction population and management's representation that the population is complete.

- a) Observe that the disbursement matched the related original invoice/billing statement.

There were no exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

There were no exceptions noted.

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.

Obtained management's listing of all active credit cards, bank debit cards, fuel cards and P-cards and management's representation that the listing is complete.

- 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, 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.]

For the statements tested, there was no written evidence found of any review and approval by someone other than the card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- 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,

No exceptions noted

- (2) written documentation of the business/public purpose, and

No exceptions noted

- (3) documentation of the individuals participating in meals (for meal charges only).

Not applicable – none of the items tested were for meals.

Travel and Travel-Related Expense Reimbursements³ (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:

Not applicable – there were no travel and travel-related expense reimbursements, the Village uses credit cards.

- 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).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- 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).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Payroll and Personnel

15. 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 listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete.

16. 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.)

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

In one instance sick time taken as reported on time sheet was not deducted in employee's cumulative leave record. Also noted discrepancies between manual cumulative leave records and Quickbooks cumulative leave record.

17. 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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Not applicable – the Village had no termination payments.

18. 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.

Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums and worker's compensation premiums have been paid and associated forms have been filed by required deadlines.

Ethics

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above⁴, 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 exceptions 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 evidence found of employee verification that he/she has read the entity's ethics policy.

Debt Service

20. 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.

Not applicable. The Village has no outstanding bonds/notes, nor any debt.

21. 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.

Not applicable. The Village has no outstanding bonds/notes, nor any debt.

Other

22. 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.

Management has represented that there were no misappropriations of public funds and assets during the fiscal period.

23. 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.

No exceptions noted.

I was 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 do not express such an opinion or conclusion. Had I 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.

W. Kathleen Beard, CPA, LLC

Bueche, LA

November 26, 2018