

VILLAGE OF MORSE, LOUISIANA

Financial Report

Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Morse, Louisiana (the "Village"), as of and for the year ended June 30, 2021, 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund of the Village of Morse, Louisiana, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 33 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Village of Morse has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Morse, Louisiana's basic financial statements. The other supplementary information on pages 36 through 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The comparative statements and the Justice System Funding Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these comparative statements and the Justice System Funding Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The prior year comparative information on the comparative statements was derived from the Village of Morse's 2020 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, were fairly presented in all material respects in relation to the basic financial statements from which they were derived.

The various schedules, except for the Justice System Funding Schedule have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021, on our consideration of the Village of Morse, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 13, 2021

BASIC FINANCIAL STATEMENTS

**GOVERNMENT - WIDE
FINANCIAL STATEMENTS (GWFS)**

VILLAGE OF MORSE, LOUISIANA

Statement of Net Position
June 30, 2021

| | <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|-----------------------------------|--|---|--------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 46,370 | \$ 2,905 | \$ 49,275 |
| Receivables, net | 13,023 | 13,039 | 26,062 |
| Internal balances | (52,644) | 52,644 | - |
| Due from other governmental units | 36,001 | - | 36,001 |
| Prepaid expenses | <u>5,733</u> | <u>-</u> | <u>5,733</u> |
| Total current assets | <u>48,483</u> | <u>68,588</u> | <u>117,071</u> |
| Noncurrent assets: | | | |
| Capital assets - | | | |
| Land and construction in progress | 60,531 | 53,859 | 114,390 |
| Capital assets, net | <u>1,228,676</u> | <u>1,325,047</u> | <u>2,553,723</u> |
| Total noncurrent assets | <u>1,289,207</u> | <u>1,378,906</u> | <u>2,668,113</u> |
| Total assets | <u>1,337,690</u> | <u>1,447,494</u> | <u>2,785,184</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts and other payables | 2,029 | 10,004 | 12,033 |
| Retainage payable | 30,279 | - | 30,279 |
| Due to other governmental units | 5,542 | - | 5,542 |
| Capital lease payable | <u>1,058</u> | <u>12,009</u> | <u>13,067</u> |
| Total current liabilities | 38,908 | 22,013 | 60,921 |
| Noncurrent liabilities: | | | |
| Capital lease payable | <u>2,098</u> | <u>22,497</u> | <u>24,595</u> |
| Total liabilities | <u>41,006</u> | <u>44,510</u> | <u>85,516</u> |
| NET POSITION | | | |
| Net investment in capital assets | 1,286,051 | 1,344,400 | 2,630,451 |
| Restricted for grants | 1,000 | - | 1,000 |
| Unrestricted | <u>9,633</u> | <u>58,584</u> | <u>68,217</u> |
| Total net position | <u>\$1,296,684</u> | <u>\$1,402,984</u> | <u>\$2,699,668</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MORSE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2021

| Activities | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | |
|---|-------------------|---------------------------------------|------------------------------------|----------------------------------|--|--------------------------|--------------------|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 205,823 | \$ 34,518 | \$ - | \$ 244,531 | \$ 73,226 | \$ - | \$ 73,226 |
| Public safety: | | | | | | | |
| Police | 6,526 | 23,693 | - | - | 17,167 | - | 17,167 |
| Public works | 3,458 | - | - | - | (3,458) | - | (3,458) |
| Interest on long-term debt | 683 | - | - | - | (683) | - | (683) |
| Total governmental activities | 216,490 | 58,211 | - | 244,531 | 86,252 | - | 86,252 |
| Business-type activities: | | | | | | | |
| Water | 130,388 | 117,909 | - | - | - | (12,479) | (12,479) |
| Sewer | 142,415 | 117,586 | - | - | - | (24,829) | (24,829) |
| Total business-type activities | 272,803 | 235,495 | - | - | - | (37,308) | (37,308) |
| Total primary government | \$ 489,293 | \$ 293,706 | \$ - | \$ 244,531 | 86,252 | (37,308) | 48,944 |
| General revenues: | | | | | | | |
| Taxes - | | | | | | | |
| Property taxes, levied for general purposes | | | | | 12,781 | - | 12,781 |
| Sales and use taxes, levied for general purposes | | | | | 55,392 | - | 55,392 |
| Franchise taxes | | | | | 30,175 | - | 30,175 |
| Grants and contributions not restricted to specific programs - | | | | | | | |
| State sources | | | | | 5,190 | - | 5,190 |
| Gain on sale of capital assets | | | | | - | 2,292 | 2,292 |
| Miscellaneous | | | | | 11,714 | - | 11,714 |
| Transfers | | | | | (253,923) | 253,923 | - |
| Total general revenues | | | | | (138,671) | 256,215 | 117,544 |
| Changes in net position | | | | | (52,419) | 218,907 | 166,488 |
| Net position - July 1, 2020 | | | | | 1,349,103 | 1,184,077 | 2,533,180 |
| Net position - June 30, 2021 | | | | | \$1,296,684 | \$1,402,984 | \$2,699,668 |

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

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

Capital Projects Fund

LCDBG Fund -

To account for the receipt and subsequent disbursement of LCDBG grant funds for various projects.

Enterprise Funds

Water Utility Fund -

To account for the provision of water services to residents of the Village. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sewer Utility Fund -

To account for the provision of sewer services to residents of the Village. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF MORSE, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2021

| | <u>General</u> | <u>LCDBG</u> | <u>Total</u> |
|--------------------------------------|------------------|------------------|-------------------|
| ASSETS | | | |
| Cash | \$ 46,270 | \$ 100 | \$ 46,370 |
| Receivables: | | | |
| Due from other governmental units | 5,722 | 30,279 | 36,001 |
| Due from other funds | 100 | - | 100 |
| Other | 13,023 | - | 13,023 |
| Prepaid expenses | 5,733 | - | 5,733 |
| Total assets | <u>\$ 70,848</u> | <u>\$ 30,379</u> | <u>\$ 101,227</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,891 | \$ - | \$ 1,891 |
| Accrued liabilities | 138 | - | 138 |
| Retainage payable | - | 30,279 | 30,279 |
| Due to other governmental units | 5,542 | - | 5,542 |
| Due to other funds | 52,644 | 100 | 52,744 |
| Total liabilities | <u>60,215</u> | <u>30,379</u> | <u>90,594</u> |
| Fund balances: | | | |
| Nonspendable (prepaid expenses) | 5,733 | - | 5,733 |
| Restricted - grants | 1,000 | - | 1,000 |
| Unassigned | 3,900 | - | 3,900 |
| Total fund balances | <u>10,633</u> | <u>-</u> | <u>10,633</u> |
| Total liabilities and fund balances | <u>\$ 70,848</u> | <u>\$ 30,379</u> | <u>\$ 101,227</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MORSE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

| | | |
|--|--------------|--------------------|
| Total fund balances for governmental funds at June 30, 2021 | | \$ 10,633 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | | |
| Land | \$ 60,531 | |
| Buildings and improvements, net of \$347,410 accumulated depreciation | 457,663 | |
| Infrastructure, net of \$338,444 accumulated depreciation | 718,473 | |
| Equipment, furniture, and fixtures, net of \$57,669 accumulated depreciation | 47,207 | |
| Vehicles, net of \$69,933 accumulated depreciation | <u>5,333</u> | 1,289,207 |
| Long-term liabilities at June 30, 2021 | | |
| Capital lease payable | | <u>(3,156)</u> |
| Total net position of governmental activities at June 30, 2021 | | <u>\$1,296,684</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MORSE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2021

| | <u>General</u> | <u>LCDBG</u> | <u>Total</u> |
|--|------------------|------------------|------------------|
| Revenues: | | | |
| Taxes | \$ 98,348 | \$ - | \$ 98,348 |
| Licenses and permits | 34,518 | - | 34,518 |
| Intergovernmental revenues | 5,190 | 244,531 | 249,721 |
| Fines | 23,693 | - | 23,693 |
| Miscellaneous | <u>11,714</u> | <u>-</u> | <u>11,714</u> |
| Total revenues | <u>173,463</u> | <u>244,531</u> | <u>417,994</u> |
| Expenditures: | | | |
| Current - | | | |
| General government | 143,942 | - | 143,942 |
| Public safety - | | | |
| Police | 5,536 | - | 5,536 |
| Public works | 3,458 | - | 3,458 |
| Capital outlay | 15,029 | - | 15,029 |
| Debt service | <u>11,439</u> | <u>-</u> | <u>11,439</u> |
| Total expenditures | <u>179,404</u> | <u>-</u> | <u>179,404</u> |
| Excess (deficiency) of revenues over expenditures | <u>(5,941)</u> | <u>244,531</u> | <u>238,590</u> |
| Other financing sources (uses): | | | |
| Transfers in | 9,778 | - | 9,778 |
| Transfers out | <u>(19,170)</u> | <u>(244,531)</u> | <u>(263,701)</u> |
| Total other financing sources (uses) | <u>(9,392)</u> | <u>(244,531)</u> | <u>(253,923)</u> |
| Net change in fund balances | (15,333) | - | (15,333) |
| Fund balances, beginning | <u>25,966</u> | <u>-</u> | <u>25,966</u> |
| Fund balances, ending | <u>\$ 10,633</u> | <u>\$ -</u> | <u>\$ 10,633</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MORSE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2021

| | | |
|--|-----------------|--------------------|
| Total net changes in fund balances at June 30, 2021 per statement of revenues, expenditures, and changes in fund balances | | \$ (15,333) |
| The change in net position reported for governmental activities in the statement of activities is 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. | | |
| Capital outlay which is considered expenditures on statement of revenues, expenditures, and changes in fund balances | \$ 15,029 | |
| Depreciation expense for the period ended June 30, 2021 | <u>(62,871)</u> | (47,842) |
| Loan and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long- term liabilities and does not affect the statement of activities. Similarly, repayment of principal is recorded as expenditures in the governmental funds, but reduces the liability in the statement of net position. | | |
| Principal paid on capital lease | | <u>10,756</u> |
| Total changes in net position at June 30, 2021 per statement of activities | | <u>\$ (52,419)</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MORSE, LOUISIANA

Statement of Net Position

Proprietary Funds

June 30, 2021

| | Enterprise Funds | | |
|-----------------------------------|--------------------------|--------------------------|---------------------|
| | Water Utility Fund | Sewer Utility Fund | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 1,402 | \$ 1,503 | \$ 2,905 |
| Receivables - | | | |
| Accounts | 3,113 | 3,870 | 6,983 |
| Unbilled utility receivables | 2,952 | 3,104 | 6,056 |
| Due from other funds | <u>21,672</u> | <u>30,972</u> | <u>52,644</u> |
| Total current assets | <u>29,139</u> | <u>39,449</u> | <u>68,588</u> |
| Noncurrent assets: | | | |
| Capital assets - | | | |
| Land and construction in progress | 13,509 | 40,350 | 53,859 |
| Capital assets, net | <u>604,081</u> | <u>720,966</u> | <u>1,325,047</u> |
| Total noncurrent assets | <u>617,590</u> | <u>761,316</u> | <u>1,378,906</u> |
| Total assets | <u>646,729</u> | <u>800,765</u> | <u>1,447,494</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | - | 10,004 | 10,004 |
| Capital lease payable | <u>12,009</u> | <u>-</u> | <u>12,009</u> |
| Total current liabilities | <u>12,009</u> | <u>10,004</u> | <u>22,013</u> |
| Long-term liabilities: | | | |
| Capital lease payable | <u>22,497</u> | <u>-</u> | <u>22,497</u> |
| Total liabilities | <u>34,506</u> | <u>10,004</u> | <u>44,510</u> |
| NET POSITION | | | |
| Net investment in capital assets | 583,084 | 761,316 | 1,344,400 |
| Unrestricted | <u>29,139</u> | <u>29,445</u> | <u>58,584</u> |
| Total net position | <u>\$ 612,223</u> | <u>\$ 790,761</u> | <u>\$ 1,402,984</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MORSE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Funds
 Year Ended June 30, 2021

| | Enterprise Funds | | Totals |
|--------------------------------|--------------------------|--------------------------|---------------------|
| | Water Utility Fund | Sewer Utility Fund | |
| Operating revenues: | | | |
| Charges for services | \$ 113,601 | \$ 115,590 | \$ 229,191 |
| Other | 4,308 | 1,996 | 6,304 |
| Total operating revenues | <u>117,909</u> | <u>117,586</u> | <u>235,495</u> |
| Operating expenses: | | | |
| Salaries | 27,353 | 27,353 | 54,706 |
| Payroll taxes | 2,374 | 2,374 | 4,748 |
| Insurance | 5,212 | 8,687 | 13,899 |
| Utilities and telephone | 13,227 | 22,165 | 35,392 |
| Repairs and maintenance | 7,193 | 11,277 | 18,470 |
| Plant supplies | 5,704 | 9,434 | 15,138 |
| Legal and professional | 19,120 | 15,109 | 34,229 |
| Engineering fees | 2,566 | 2,814 | 5,380 |
| Office supplies and expense | 2,335 | 1,825 | 4,160 |
| Inspection and testing | 1,200 | - | 1,200 |
| Chemicals | 15,413 | 330 | 15,743 |
| Bad debt expense | 42 | 109 | 151 |
| Depreciation | 25,777 | 37,335 | 63,112 |
| Other | 2,872 | 3,603 | 6,475 |
| Total operating expenses | <u>130,388</u> | <u>142,415</u> | <u>272,803</u> |
| Operating loss | (12,479) | (24,829) | (37,308) |
| Non-operating revenues: | | | |
| Gain on sale of capital assets | - | 2,292 | 2,292 |
| Loss before transfers | <u>(12,479)</u> | <u>(22,537)</u> | <u>(35,016)</u> |
| Transfers in (out): | | | |
| Transfers in | 73 | 263,721 | 263,794 |
| Transfers out | (9,798) | (73) | (9,871) |
| Total transfers in (out) | <u>(9,725)</u> | <u>263,648</u> | <u>253,923</u> |
| Change in net position | (22,204) | 241,111 | 218,907 |
| Net position, beginning | <u>634,427</u> | <u>549,650</u> | <u>1,184,077</u> |
| Net position, ending | <u>\$ 612,223</u> | <u>\$ 790,761</u> | <u>\$ 1,402,984</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MORSE, LOUISIANA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

| | Enterprise Funds | | |
|--|--------------------------|--------------------------|------------------|
| | Water Utility Fund | Sewer Utility Fund | Totals |
| Cash flows from operating activities: | | | |
| Receipts from customers | \$ 113,963 | \$ 115,966 | \$ 229,929 |
| Payments to suppliers | (76,717) | (93,495) | (170,212) |
| Payments to employees | (29,727) | (11,061) | (40,788) |
| Other receipts | 4,308 | 1,996 | 6,304 |
| Net cash provided by operating activities | <u>11,827</u> | <u>13,406</u> | <u>25,233</u> |
| Cash flows from noncapital financing activities: | | | |
| Cash paid to other funds | 918 | - | 918 |
| Transfers from (to) other funds | (9,725) | 263,648 | 253,923 |
| Net cash provided (used) by noncapital financing activities | <u>(8,807)</u> | <u>263,648</u> | <u>254,841</u> |
| Cash flows from capital and related financing activities: | | | |
| Proceeds from capital lease | 37,417 | - | 37,417 |
| Principal paid on capital lease | (2,911) | - | (2,911) |
| Acquisition of property, plant, and equipment | (37,417) | (278,157) | (315,574) |
| Net cash used by capital and related financing activities | <u>(2,911)</u> | <u>(278,157)</u> | <u>(281,068)</u> |
| Cash flows from investing activities: | | | |
| Proceeds from sale of capital assets | - | 2,292 | 2,292 |
| Net increase in cash and cash equivalents | 109 | 1,189 | 1,298 |
| Cash and cash equivalents, beginning of period | <u>1,293</u> | <u>314</u> | <u>1,607</u> |
| Cash and cash equivalents, end of period | <u>\$ 1,402</u> | <u>\$ 1,503</u> | <u>\$ 2,905</u> |
| Reconciliation of operating loss to net cash provided by operating activities: | | | |
| Operating loss | \$ (12,479) | \$ (24,829) | \$ (37,308) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | |
| Depreciation | 25,777 | 37,335 | 63,112 |
| Provision for uncollectible accounts | 42 | 109 | 151 |
| Changes in current assets and current liabilities: | | | |
| Accounts receivable | (27) | (108) | (135) |
| Unbilled services receivable | 347 | 375 | 722 |
| Accounts payable | (1,833) | 524 | (1,309) |
| Net cash provided by operating activities | <u>\$ 11,827</u> | <u>\$ 13,406</u> | <u>\$ 25,233</u> |
| Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet: | | | |
| Cash and cash equivalents, beginning of period | \$ 1,293 | \$ 314 | \$ 1,607 |
| Cash and cash equivalents, end of period | <u>1,402</u> | <u>1,503</u> | <u>2,905</u> |
| Net increase in cash and cash equivalents | <u>\$ 109</u> | <u>\$ 1,189</u> | <u>\$ 1,298</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Morse (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Morse (Village) was incorporated in 1906 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides services and authorized by its charter; public safety, public works, public improvements, planning and zoning, and general and administrative services. The Village also operates two enterprise activities which provide water and sewer services.

This report includes all funds that are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, the Village does not have any component units, nor is it considered to be a component unit of any other government.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government 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.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, 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.

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Fund Financial Statements

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

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

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

The major funds of the Village are described below:

Governmental Funds -

General Fund

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

Capital Projects Fund

LCDBG Fund

The LCDBG Fund is used to account for the receipt and subsequent disbursement of LCDBG grant funds for various projects.

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Proprietary Funds -

Enterprise Funds

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

C. Measurement Focus/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 the 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 or the "economic 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 balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes 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 noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) 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 the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

D. Assets, Liabilities, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Village. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer's water and sewer utility service receivables as their major receivables. Uncollectible amounts due for customers' water and sewer utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' water and sewer utility receivables were \$9,458 and \$11,753, respectively, at June 30, 2021. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

| | |
|-----------------------------------|-------------|
| Buildings and improvements | 7-40 years |
| Infrastructure | 20-40 years |
| Water system | 5-50 years |
| Sewer system | 10-50 years |
| Equipment, furniture and fixtures | 5-20 years |
| Vehicles | 5 years |

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

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of capital leases payable.

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

Compensated Absences

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

Equity Classifications

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

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Village's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – Consists of all other net position that does not meet the definition of the two components and is available for general use by the Village.

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

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

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Village’s Mayor and Board or Aldermen, which is the highest level of decision-making authority for the Village.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes determined by a formal decision of the Village’s Mayor and Board of Aldermen.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village has provided otherwise in the commitment or assignment actions.

Proprietary (Water and Sewer) fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

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

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Village has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions of Use</u> |
|-----------------------|----------------------------------|
| Grants | Purpose of grantor |

The Village uses unrestricted resources only when restricted resources are fully depleted.

G. Capitalization of Interest Expense

It is the policy of the Village of Morse to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the proprietary funds. As of June 30, 2021, there were no projects paid with borrowings for which interest was capitalized.

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

H. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2021, the Village had cash and interest-bearing deposits (book balances) in the amount of \$49,275.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered. Under state law, these deposits, (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. These deposits are stated at cost, which approximates market. Deposit balances (bank balances) at June 30, 2021 in the amount of \$49,280 were secured by federal deposit insurance. The Village had no custodial credit risk related to its deposits at June 30, 2021.

(3) Ad Valorem Taxes

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

For the year ended June 30, 2021, taxes of 6.99 mills were levied on property with assessed valuations totaling \$1,775,080 and were dedicated as follows:

| | |
|----------------------------|------------|
| General corporate purposes | 6.99 mills |
|----------------------------|------------|

Total taxes levied were \$12,408. There were no taxes receivable at June 30, 2021.

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(4) Sales Taxes

Proceeds of the 1% sales and use tax levied by the Village are accounted for in the General Fund and are to be used for any lawful corporate purpose as authorized by the May 3, 2003 election.

(5) Receivables, net

Receivables, net at June 30, 2021 for Governmental Activities and Business-type Activities of \$13,023 and \$13,039, respectively, consist of the following:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|------------------|------------------------------------|-------------------------------------|
| Accounts | \$ 13,023 | \$ 6,983 |
| Unbilled utility | <u>-</u> | <u>6,056</u> |
| Total | <u>\$ 13,023</u> | <u>\$ 13,039</u> |

(6) Due from Other Governmental Units

Amounts due from other governmental units in the amount of \$36,001 at June 30, 2021 consisted of the following:

Governmental Activities:

General Fund -

Amount due from the Acadia Parish School Board for sales tax revenues earned for the month of June 2021 \$ 5,722

LCDBG Fund -

Amount due from the Louisiana Division of Administration for reimbursement of expenditures incurred for a sewer project through June 30, 2021 30,279

Total \$ 36,001

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(7) Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

| | Balance 07/01/20 | Additions | Deletions | Balance 06/30/21 |
|--|---------------------|--------------------|-------------------|---------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 60,531 | \$ - | \$ - | \$ 60,531 |
| Other capital assets: | | | | |
| Buildings and improvements | 805,674 | - | 601 | 805,073 |
| Infrastructure | 1,056,917 | - | - | 1,056,917 |
| Equipment, furniture, and fixtures | 140,853 | 11,529 | 47,506 | 104,876 |
| Vehicles | 73,366 | 3,500 | 1,600 | 75,266 |
| Totals | <u>2,137,341</u> | <u>15,029</u> | <u>49,707</u> | <u>2,102,663</u> |
| Less accumulated depreciation | | | | |
| Buildings and improvements | 332,334 | 15,677 | 601 | 347,410 |
| Infrastructure | 298,924 | 39,520 | - | 338,444 |
| Equipment, furniture, and fixtures | 98,218 | 6,957 | 47,506 | 57,669 |
| Vehicles | 70,816 | 717 | 1,600 | 69,933 |
| Total accumulated depreciation | <u>800,292</u> | <u>62,871</u> | <u>49,707</u> | <u>813,456</u> |
| Governmental activities, capital assets, net | <u>\$1,337,049</u> | <u>\$ (47,842)</u> | <u>\$ -</u> | <u>\$1,289,207</u> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land - water system | \$ 13,000 | \$ - | \$ - | \$ 13,000 |
| Land - sewer system | 40,350 | - | - | 40,350 |
| Construction in progress - water | 509 | - | - | 509 |
| Construction in progress - sewer | 57,319 | 259,088 | 316,407 | - |
| Other capital assets: | | | | |
| Water system | 1,263,590 | - | 1,935 | 1,261,655 |
| Sewer system | 1,494,252 | 335,476 | 27,126 | 1,802,602 |
| Machinery and equipment - water | 25,040 | 37,417 | 694 | 61,763 |
| Totals | <u>2,894,060</u> | <u>631,981</u> | <u>346,162</u> | <u>3,179,879</u> |
| Less accumulated depreciation | | | | |
| Water system | 671,149 | 24,842 | 1,935 | 694,056 |
| Sewer system | 1,071,427 | 37,335 | 27,126 | 1,081,636 |
| Machinery and equipment - water | 25,040 | 935 | 694 | 25,281 |
| Total accumulated depreciation | <u>1,767,616</u> | <u>63,112</u> | <u>29,755</u> | <u>1,800,973</u> |
| Business-type activities, capital assets, net | <u>\$1,126,444</u> | <u>\$ 568,869</u> | <u>\$ 316,407</u> | <u>\$1,378,906</u> |

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

| | |
|----------------------------|------------------|
| General government | \$ 61,881 |
| Police | <u>990</u> |
| Total depreciation expense | <u>\$ 62,871</u> |

Depreciation expense was charged to business-type activities as follows:

| | |
|----------------------------|------------------|
| Water | \$ 25,777 |
| Sewer | <u>37,335</u> |
| Total depreciation expense | <u>\$ 63,112</u> |

(8) Accounts and Other Payables

The accounts and other payables in the amount of \$42,312 consisted of the following at June 30, 2021:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|-------------------|------------------------------------|-------------------------------------|------------------|
| Accounts | \$ 1,891 | \$ 10,004 | \$ 11,895 |
| Other liabilities | 138 | - | 138 |
| Retainage | <u>30,279</u> | <u>-</u> | <u>30,279</u> |
| Totals | <u>\$ 32,308</u> | <u>\$ 10,004</u> | <u>\$ 42,312</u> |

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2021:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|-----------------------------------|------------------------------------|-------------------------------------|
| | <u>Capital Leases</u> | <u>Capital Leases</u> |
| Long-term debt payable at 7/01/20 | \$ 13,912 | \$ - |
| Long-term debt issued | - | 37,417 |
| Long-term debt retired | <u>(10,756)</u> | <u>(2,911)</u> |
| Long-term debt payable at 6/30/21 | <u>\$ 3,156</u> | <u>\$ 34,506</u> |

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

| | <u>Total</u> | <u>Current Portion</u> |
|---|------------------|----------------------------|
| Capital Leases: | | |
| Governmental activities - | | |
| \$5,423 lease-purchase agreement dated May 21, 2019, due in 60 monthly installments of \$102, including interest at 5.25 percent through April 21, 2024; secured by equipment with a book value of \$4,294 at June 30, 2021 (net of \$1,130 accumulated depreciation), which is included in the equipment, furniture, and fixtures asset class. | <u>\$ 3,156</u> | <u>\$ 1,058</u> |
| Business-type activities - | | |
| \$5,423 lease-purchase agreement dated May 21, 2019, due in 60 monthly installments of \$1,120, including interest at 4.95 percent through February 17, 2024; secured by equipment with a book value of \$36,482 at June 30, 2021 (net of \$935 accumulated depreciation), which is included in the equipment, furniture, and fixtures asset class. | <u>\$ 34,506</u> | <u>\$ 12,009</u> |

Debt service requirements on the Village's long term debt is as follows at June 30, 2021:

| Year Ending <u>June 30,</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|--------------------------------|--------------------------------|-----------------|---------------------------------|-----------------|
| | <u>Capital Leases</u> | | <u>Capital Leases</u> | |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 1,058 | \$ 172 | \$ 12,009 | \$ 1,438 |
| 2023 | 1,115 | 115 | 12,617 | 830 |
| 2024 | 983 | 50 | 9,880 | 205 |
| | <u>\$ 3,156</u> | <u>\$ 337</u> | <u>\$ 34,506</u> | <u>\$ 2,473</u> |

During 2021, the Village incurred \$1,134 of interest expense related to the capital leases.

(10) Operating Leases

The Village entered into a lease agreement with American Tower Antenna Rental (tenant) for tower rental of \$600 each year. The tenant has the option to renew the contract for an additional year upon written notification from the Village. The agreement is to allow the tenant use of a portion of property in connection with its federally licensed communication business.

The Village entered into a lease agreement with Radio Communications Service to attach its equipment to the Village's water tower for \$100 each month. The lease began on October 1, 2011 and will continue for a period of 10 years. The agreement can be renewed for one additional five-year period upon mutual written agreement of the parties.

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(11) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2021:

| | <u>Interfund Transfers In</u> | <u>Interfund Transfers Out</u> |
|----------------------|-----------------------------------|------------------------------------|
| Major Funds: | | |
| Governmental Funds - | | |
| General Fund | \$ 9,778 | \$ 19,170 |
| LCDBG Fund | - | 244,531 |
| Proprietary Funds - | | |
| Water Utility Fund | 73 | 9,798 |
| Sewer Utility Fund | <u>263,721</u> | <u>73</u> |
| Total | <u>\$ 273,572</u> | <u>\$ 273,572</u> |

Transfers are recorded in the year in which they were budgeted. However, the amounts are not always paid in that same year; therefore, causing balances as noted above. These balances are expected to be paid within the next fiscal year.

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2021:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|----------------------|----------------------------------|-------------------------------|
| Major Funds: | | |
| Governmental Funds - | | |
| General Fund | \$ 100 | \$ 52,644 |
| LCDBG Fund | - | 100 |
| Proprietary Funds - | | |
| Water Utility Fund | 21,672 | - |
| Sewer Utility Fund | <u>30,972</u> | <u>-</u> |
| Total | <u>\$ 52,744</u> | <u>\$ 52,744</u> |

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(12) Compensation of Village Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2021 follows:

| | |
|--------------------|--------------|
| Ray Richard, Mayor | \$ 480 |
| Aldermen: | |
| Dale Louvierre | 480 |
| Eric Primeaux | 480 |
| Ross Trahan | 480 |
| | <u>1,920</u> |

The Mayor and Board of Aldermen receive \$40 per month.

(13) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to the Mayor, follows:

| | |
|--------|---------------|
| Salary | \$ <u>480</u> |
|--------|---------------|

(14) Retirement Commitment

All employees of the Village of Morse are members of the Federal Social Security system. The Village and its employees contribute a percentage of each employee's salary to the system (7.65% contributed by the Village; 7.65% by the employee). Total covered wages for the years ended June 30, 2021 totaled \$109,410. The Village's contribution during the year ended June 30, 2021 amounted to \$8,370.

(15) Risk Management

The Village is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(16) Litigation and Claims

At June 30, 2021, the Village was not involved in any lawsuits.

(17) Subsequent Event

As a result of the spread of the COVID 19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Village's ongoing activities. The extent and severity of the potential impact on future operations is unknown at this time.

**REQUIRED SUPPLEMENTARY
INFORMATION**

VILLAGE OF MORSE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021

| | Budget | | Actual | Variance - |
|---|------------------|-----------------|------------------|------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues: | | | | |
| Taxes - | | | | |
| Ad Valorem | \$ 12,000 | \$ 15,277 | \$ 12,781 | \$ (2,496) |
| Franchise | 30,000 | 28,103 | 30,175 | 2,072 |
| Sales tax | 40,000 | 50,108 | 55,392 | 5,284 |
| Licenses and permits - | | | | |
| Insurance occupational licenses | 25,000 | 24,806 | 27,213 | 2,407 |
| Occupational licenses | 10,500 | 10,800 | 4,590 | (6,210) |
| Permits | - | - | 2,715 | 2,715 |
| Intergovernmental revenues - | | | | |
| State of Louisiana: | | | | |
| Dept. of Transportation and Development | 2,500 | 2,500 | 2,500 | - |
| Beer taxes | 600 | 776 | 1,200 | 424 |
| Video poker commissions | 2,500 | 2,413 | 1,490 | (923) |
| Fines and forfeits | 40,000 | 23,591 | 23,693 | 102 |
| Miscellaneous - | | | | |
| Oil lease/royalty income | 1,500 | 1,651 | 1,058 | (593) |
| Other revenues | <u>15,860</u> | <u>22,543</u> | <u>10,656</u> | <u>(11,887)</u> |
| Total revenues | <u>180,460</u> | <u>182,568</u> | <u>173,463</u> | <u>(9,105)</u> |
| Expenditures: | | | | |
| Current - | | | | |
| General government | 157,810 | 170,671 | 143,942 | 26,729 |
| Public safety | 8,800 | 9,179 | 5,536 | 3,643 |
| Public works | 4,000 | 4,797 | 3,458 | 1,339 |
| Capital outlay | 15,000 | 20,000 | 15,029 | 4,971 |
| Debt service | <u>1,230</u> | <u>14,215</u> | <u>11,439</u> | <u>2,776</u> |
| Total expenditures | <u>186,840</u> | <u>218,862</u> | <u>179,404</u> | <u>39,458</u> |
| Deficiency of revenues over expenditures | <u>(6,380)</u> | <u>(36,294)</u> | <u>(5,941)</u> | <u>30,353</u> |
| Other financing sources (uses): | | | | |
| Proceeds from issuance of capital lease | 15,000 | - | - | - |
| Transfers in | - | 15,000 | 9,778 | (5,222) |
| Transfers out | - | - | <u>(19,170)</u> | <u>(19,170)</u> |
| Total other financing sources (uses) | <u>15,000</u> | <u>15,000</u> | <u>(9,392)</u> | <u>(24,392)</u> |
| Net change in fund balance | 8,620 | (21,294) | (15,333) | 5,961 |
| Fund balance, beginning | <u>25,966</u> | <u>25,966</u> | <u>25,966</u> | - |
| Fund balance, ending | <u>\$ 34,586</u> | <u>\$ 4,672</u> | <u>\$ 10,633</u> | <u>\$ 5,961</u> |

VILLAGE OF MORSE, LOUISIANA

Notes to the Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. Prior to June 30, the Village Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF MORSE, LOUISIANA

Statement of Net Position

June 30, 2021

With Comparative Actual Totals at June 30, 2020

| | 2021 | | | 2020 Totals |
|-------------------------------------|----------------------------|-----------------------------|---------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | \$ 46,370 | \$ 2,905 | \$ 49,275 | \$ 73,422 |
| Receivables, net | 13,023 | 13,039 | 26,062 | 13,777 |
| Internal balances | (52,644) | 52,644 | - | - |
| Due from other governmental units | 36,001 | - | 36,001 | 37,350 |
| Prepaid expenses | 5,733 | - | 5,733 | 8,596 |
| Total current assets | <u>48,483</u> | <u>68,588</u> | <u>117,071</u> | <u>133,145</u> |
| Noncurrent assets: | | | | |
| Capital assets - | | | | |
| Land and construction in progress | 60,531 | 53,859 | 114,390 | 171,709 |
| Capital assets, net | <u>1,228,676</u> | <u>1,325,047</u> | <u>2,553,723</u> | <u>2,291,784</u> |
| Total noncurrent assets | <u>1,289,207</u> | <u>1,378,906</u> | <u>2,668,113</u> | <u>2,463,493</u> |
| Total assets | <u>1,337,690</u> | <u>1,447,494</u> | <u>2,785,184</u> | <u>2,596,638</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and other payables | 2,029 | 10,004 | 12,033 | 41,066 |
| Retainage payable | 30,279 | - | 30,279 | 2,938 |
| Due to other governmental units | 5,542 | - | 5,542 | 5,542 |
| Capital lease payable | <u>1,058</u> | <u>12,009</u> | <u>13,067</u> | <u>10,756</u> |
| Total current liabilities | 38,908 | 22,013 | 60,921 | 60,302 |
| Noncurrent liabilities: | | | | |
| Capital lease payable | <u>2,098</u> | <u>22,497</u> | <u>24,595</u> | <u>3,156</u> |
| Total liabilities | <u>41,006</u> | <u>44,510</u> | <u>85,516</u> | <u>63,458</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 1,286,051 | 1,344,400 | 2,630,451 | 2,449,581 |
| Restricted for grants | 1,000 | - | 1,000 | 1,000 |
| Unrestricted | <u>9,633</u> | <u>58,584</u> | <u>68,217</u> | <u>82,599</u> |
| Total net position | <u>\$ 1,296,684</u> | <u>\$ 1,402,984</u> | <u>\$ 2,699,668</u> | <u>\$ 2,533,180</u> |

VILLAGE OF MORSE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

| | 2021 | | | Variance - Positive (Negative) | 2020 Actual |
|--|------------------|-----------------|------------------|--------------------------------------|------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Revenues: | | | | | |
| Taxes - | | | | | |
| Ad Valorem | \$ 12,000 | \$ 15,277 | \$ 12,781 | \$ (2,496) | \$ 11,928 |
| Franchise | 30,000 | 28,103 | 30,175 | 2,072 | 29,094 |
| Sales tax | 40,000 | 50,108 | 55,392 | 5,284 | 51,215 |
| Licenses and permits - | | | | | |
| Insurance occupational licenses | 25,000 | 24,806 | 27,213 | 2,407 | 27,083 |
| Occupational licenses | 10,500 | 10,800 | 4,590 | (6,210) | 4,752 |
| Permits | - | - | 2,715 | 2,715 | 3,000 |
| Intergovernmental revenues - | | | | | |
| State of Louisiana: | | | | | |
| Dept. of Transportation and Development | 2,500 | 2,500 | 2,500 | - | 3,750 |
| Beer taxes | 600 | 776 | 1,200 | 424 | 1,010 |
| Video poker commissions | 2,500 | 2,413 | 1,490 | (923) | 1,999 |
| Fines and forfeits | 40,000 | 23,591 | 23,693 | 102 | 43,866 |
| Miscellaneous - | | | | | |
| Oil lease/royalty income | 1,500 | 1,651 | 1,058 | (593) | 1,255 |
| Other revenues | <u>15,860</u> | <u>22,543</u> | <u>10,656</u> | <u>(11,887)</u> | <u>13,073</u> |
| Total revenues | <u>180,460</u> | <u>182,568</u> | <u>173,463</u> | <u>(9,105)</u> | <u>192,025</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government | 157,810 | 170,671 | 143,942 | 26,729 | 141,777 |
| Public safety | 8,800 | 9,179 | 5,536 | 3,643 | 9,921 |
| Public works | 4,000 | 4,797 | 3,458 | 1,339 | 3,850 |
| Capital outlay | 15,000 | 20,000 | 15,029 | 4,971 | 17,490 |
| Debt service | <u>1,230</u> | <u>14,215</u> | <u>11,439</u> | <u>2,776</u> | <u>6,344</u> |
| Total expenditures | <u>186,840</u> | <u>218,862</u> | <u>179,404</u> | <u>39,458</u> | <u>179,382</u> |
| Excess (deficiency) of revenues over expenditures | <u>(6,380)</u> | <u>(36,294)</u> | <u>(5,941)</u> | <u>30,353</u> | <u>12,643</u> |
| Other financing sources (uses): | | | | | |
| Proceeds from issuance of capital lease | 15,000 | - | - | - | 12,990 |
| Transfers in | - | 15,000 | 9,778 | (5,222) | 19,618 |
| Transfers out | <u>-</u> | <u>-</u> | <u>(19,170)</u> | <u>(19,170)</u> | <u>(11,039)</u> |
| Total other financing sources (uses) | <u>15,000</u> | <u>15,000</u> | <u>(9,392)</u> | <u>(24,392)</u> | <u>21,569</u> |
| Net change in fund balance | 8,620 | (21,294) | (15,333) | 5,961 | 34,212 |
| Fund balance (deficit), beginning | <u>25,966</u> | <u>25,966</u> | <u>25,966</u> | <u>-</u> | <u>(8,246)</u> |
| Fund balance, ending | <u>\$ 34,586</u> | <u>\$ 4,672</u> | <u>\$ 10,633</u> | <u>\$ 5,961</u> | <u>\$ 25,966</u> |

VILLAGE OF MORSE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

| | 2021 | | | Variance - Positive (Negative) | 2020 Actual |
|------------------------------|-------------------|-------------------|-------------------|--------------------------------------|-------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Current - | | | | | |
| General government: | | | | | |
| Salaries | \$ 62,000 | \$ 52,730 | \$ 54,706 | \$ (1,976) | \$ 50,620 |
| Payroll taxes | - | 3,665 | 4,748 | (1,083) | 4,076 |
| Office expense and supplies | 6,000 | 5,942 | 8,641 | (2,699) | 10,817 |
| Utilities | 20,000 | 21,057 | 11,906 | 9,151 | 21,086 |
| Telephone | 3,000 | 4,333 | 3,909 | 424 | 2,850 |
| Legal and professional | 12,010 | 15,542 | 6,501 | 9,041 | 12,175 |
| Vehicle expenses | 1,000 | 5,976 | - | 5,976 | 813 |
| Repairs and maintenance | 12,800 | 14,958 | 26,034 | (11,076) | 7,525 |
| Insurance | 25,000 | 25,939 | 20,392 | 5,547 | 12,742 |
| Dues and memberships | 1,000 | 1,700 | 701 | 999 | 815 |
| Publications | 1,000 | 2,360 | 1,556 | 804 | 1,121 |
| Engineering | 5,000 | 5,292 | 917 | 4,375 | 882 |
| Collection expense | - | 1,000 | 838 | 162 | 794 |
| Miscellaneous | 5,600 | 5,917 | 1,597 | 4,320 | 4,794 |
| Appropriation to festival | - | - | - | - | 8,809 |
| Mayor's court expense | 1,200 | 1,440 | 1 | 1,439 | 600 |
| Continuing education expense | - | 180 | (20) | 200 | 554 |
| Herbicide expense | 2,200 | 2,640 | 1,515 | 1,125 | 704 |
| Total general government | <u>157,810</u> | <u>170,671</u> | <u>143,942</u> | <u>26,729</u> | <u>141,777</u> |
| Public safety: | | | | | |
| Police department - | | | | | |
| Repairs, supplies, and fuel | <u>8,800</u> | <u>9,179</u> | <u>5,536</u> | <u>3,643</u> | <u>9,921</u> |
| Public works: | | | | | |
| Repairs, supplies, and fuel | <u>4,000</u> | <u>4,797</u> | <u>3,458</u> | <u>1,339</u> | <u>3,850</u> |
| Capital outlay - | | | | | |
| General government: | | | | | |
| Equipment | <u>15,000</u> | <u>20,000</u> | <u>15,029</u> | <u>4,971</u> | <u>17,490</u> |
| Debt service - | | | | | |
| Principal retirement | 1,230 | 13,000 | 10,756 | 2,244 | 5,760 |
| Interest and fiscal charges | - | 1,215 | 683 | 532 | 584 |
| Total debt service | <u>1,230</u> | <u>14,215</u> | <u>11,439</u> | <u>2,776</u> | <u>6,344</u> |
| Total expenditures | <u>\$ 186,840</u> | <u>\$ 218,862</u> | <u>\$ 179,404</u> | <u>\$ 39,458</u> | <u>\$ 179,382</u> |

VILLAGE OF MORSE, LOUISIANA
 Capital Projects Fund
 LCDBG Fund

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget (GAAP Basis) and Actual
 For the Year Ended June 30, 2021
 With Comparative Actual Amounts for the Year Ended June 30, 2020

| | 2021 | | Variance - Positive (Negative) | 2020 Actual |
|--------------------------------------|------------|------------|--------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Intergovernmental - | | | | |
| Federal grants - | | | | |
| LCDBG sewer improvement grant | \$ 244,531 | \$ 244,531 | \$ - | \$ 33,141 |
| Expenditures | - | - | - | - |
| Excess of revenues over expenditures | 244,531 | 244,531 | - | 33,141 |
| Other financing uses: | | | | |
| Transfers out | (244,531) | (244,531) | - | (33,141) |
| Net change in fund balance | - | - | - | - |
| Fund balance, beginning | - | - | - | - |
| Fund balance, ending | \$ - | \$ - | \$ - | \$ - |

VILLAGE OF MORSE, LOUISIANA
Enterprise Funds
Utility Funds

Comparative Statement of Net Position
June 30, 2021 and 2020

| | Water Utility Fund | | Sewer Utility Fund | | Total | |
|-----------------------------------|--------------------|------------------|--------------------|------------------|--------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash | \$ 1,402 | \$ 1,293 | \$ 1,503 | \$ 314 | \$ 2,905 | \$ 1,607 |
| Receivables - | | | | | | |
| Accounts | 3,113 | 3,128 | 3,870 | 3,871 | 6,983 | 6,999 |
| Unbilled utility receivables | 2,952 | 3,299 | 3,104 | 3,479 | 6,056 | 6,778 |
| Due from other funds | <u>21,672</u> | <u>22,590</u> | <u>30,972</u> | <u>30,972</u> | <u>52,644</u> | <u>53,562</u> |
| Total current assets | <u>29,139</u> | <u>30,310</u> | <u>39,449</u> | <u>38,636</u> | <u>68,588</u> | <u>68,946</u> |
| Noncurrent assets: | | | | | | |
| Capital assets - | | | | | | |
| Land and construction in progress | 13,509 | 13,509 | 40,350 | 97,669 | 53,859 | 111,178 |
| Capital assets, net | <u>604,081</u> | <u>592,441</u> | <u>720,966</u> | <u>422,825</u> | <u>1,325,047</u> | <u>1,015,266</u> |
| Total noncurrent assets | <u>617,590</u> | <u>605,950</u> | <u>761,316</u> | <u>520,494</u> | <u>1,378,906</u> | <u>1,126,444</u> |
| Total assets | <u>646,729</u> | <u>636,260</u> | <u>800,765</u> | <u>559,130</u> | <u>1,447,494</u> | <u>1,195,390</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | - | 1,833 | 10,004 | 9,480 | 10,004 | 11,313 |
| Capital lease payable | <u>12,009</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>12,009</u> | <u>-</u> |
| Total current liabilities | 12,009 | 1,833 | 10,004 | 9,480 | 22,013 | 11,313 |
| Long-term liabilities: | | | | | | |
| Capital lease payable | <u>22,497</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>22,497</u> | <u>-</u> |
| Total liabilities | <u>34,506</u> | <u>1,833</u> | <u>10,004</u> | <u>9,480</u> | <u>44,510</u> | <u>11,313</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 583,084 | 605,950 | 761,316 | 520,494 | 1,344,400 | 1,126,444 |
| Unrestricted | <u>29,139</u> | <u>28,477</u> | <u>29,445</u> | <u>29,156</u> | <u>58,584</u> | <u>57,633</u> |
| Total net position | <u>\$612,223</u> | <u>\$634,427</u> | <u>\$790,761</u> | <u>\$549,650</u> | <u>\$1,402,984</u> | <u>\$1,184,077</u> |

VILLAGE OF MORSE, LOUISIANA
Enterprise Funds
Utility Funds

Comparative Departmental Analysis of Revenues and Expenses
For the Years Ended June 30, 2021 and 2020

| | Water Utility Fund | | Sewer Utility Fund | | Total | |
|---|--------------------|------------|--------------------|------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Operating revenue: | | | | | | |
| Charges for services | \$ 113,601 | \$ 114,533 | \$ 115,590 | \$ 117,942 | \$ 229,191 | \$ 232,475 |
| Other | 4,308 | 4,292 | 1,996 | 2,847 | 6,304 | 7,139 |
| Total operating revenues | 117,909 | 118,825 | 117,586 | 120,789 | 235,495 | 239,614 |
| Operating expenses: | | | | | | |
| Salaries | 27,353 | 25,310 | 27,353 | 25,310 | 54,706 | 50,620 |
| Payroll taxes | 2,374 | 2,038 | 2,374 | 2,038 | 4,748 | 4,076 |
| Insurance | 5,212 | 3,327 | 8,687 | 5,397 | 13,899 | 8,724 |
| Utilities and telephone | 13,227 | 14,312 | 22,165 | 14,651 | 35,392 | 28,963 |
| Repairs and maintenance | 7,193 | 8,450 | 11,277 | 26,310 | 18,470 | 34,760 |
| Plant supplies | 5,704 | 5,067 | 9,434 | 8,854 | 15,138 | 13,921 |
| Legal and professional | 19,120 | 9,691 | 15,109 | 11,152 | 34,229 | 20,843 |
| Engineering fees | 2,566 | 998 | 2,814 | 1,739 | 5,380 | 2,737 |
| Office supplies and expense | 2,335 | 6,654 | 1,825 | 2,932 | 4,160 | 9,586 |
| Inspection and testing | 1,200 | 6,299 | - | - | 1,200 | 6,299 |
| Chemicals | 15,413 | 13,035 | 330 | 5,166 | 15,743 | 18,201 |
| Bad debt expense | 42 | 9,416 | 109 | 11,645 | 151 | 21,061 |
| Depreciation | 25,777 | 24,540 | 37,335 | 36,108 | 63,112 | 60,648 |
| Other | 2,872 | 1,792 | 3,603 | 4,223 | 6,475 | 6,015 |
| Total operating expenses | 130,388 | 130,929 | 142,415 | 155,525 | 272,803 | 286,454 |
| Operating loss | (12,479) | (12,104) | (24,829) | (34,736) | (37,308) | (46,840) |
| Non-operating revenues: | | | | | | |
| Gain on sale of capital assets | - | - | 2,292 | - | 2,292 | - |
| Interest income | - | - | - | 12 | - | 12 |
| Total non-operating revenues | - | - | 2,292 | 12 | 2,292 | 12 |
| Loss before contributions and transfers | (12,479) | (12,104) | (22,537) | (34,724) | (35,016) | (46,828) |
| Capital contributions | - | 8,254 | - | - | - | 8,254 |
| Transfers in (out): | | | | | | |
| Transfer in | 73 | - | 263,721 | 47,525 | 263,794 | 47,525 |
| Transfers out | (9,798) | (22,963) | (73) | - | (9,871) | (22,963) |
| Total transfers in (out) | (9,725) | (22,963) | 263,648 | 47,525 | 253,923 | 24,562 |
| Change in net position | (22,204) | (26,813) | 241,111 | 12,801 | 218,907 | (14,012) |
| Net position, beginning | 634,427 | 661,240 | 549,650 | 536,849 | 1,184,077 | 1,198,089 |
| Net position, ending | \$ 612,223 | \$ 634,427 | \$ 790,761 | \$ 549,650 | \$ 1,402,984 | \$ 1,184,077 |

VILLAGE OF MORSE, LOUISIANA
LCDBG Sewer System Project

Schedule of Net Position
For the Year Ended June 30, 2021

| | |
|-----------------------------------|---------------|
| Assets: | |
| Due from other governmental units | \$ 30,279 |
| Liabilities: | |
| Retainage payable | <u>30,279</u> |
| Net position | <u>\$ -</u> |

VILLAGE OF MORSE, LOUISIANA
LCDBG Sewer System Project

Schedule of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2021

| | |
|-------------------------|--------------------|
| Revenues: | |
| LCDBG program | <u>\$ 244,531</u> |
| Expenses: | |
| Construction | 234,359 |
| Engineering | <u>10,172</u> |
| Total expenses | <u>244,531</u> |
| Change in net position | - |
| Net position, beginning | <u>-</u> |
| Net position, ending | <u><u>\$ -</u></u> |

VILLAGE OF MORSE, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity
Year Ended June 30, 2021

| | First Six Month Period Ended <u>12/31/2020</u> | Second Six Month Period Ended <u>6/30/2021</u> |
|--|---|---|
| Beginning Balance of Amounts Collected | \$ 48 | \$ 48 |
| Add: Collections - | | |
| Civil Fees | - | - |
| Bond Fees | - | - |
| Asset Forfeiture/Sale | - | - |
| Pre-Trial Diversion Program Fees | - | - |
| Criminal Court Costs/Fees | 162 | 482 |
| Criminal Fines - Contempt | - | - |
| Criminal Fines - Other | 13,301 | 9,100 |
| Restitution | - | - |
| Probation/Parole/Supervision Fees | - | - |
| Service/Collection Fees | - | - |
| Interest Earnings on Collected Balances | - | - |
| Other | - | - |
| Subtotal Collections | <u>13,463</u> | <u>9,582</u> |
| Less: Disbursements to Governments and Nonprofits - | | |
| Acadiana Crime Stoppers | 4 | 8 |
| Acadiana Criminalistics Lab | 100 | 120 |
| 15th JDC Indigent Defender Fund | - | - |
| Louisiana Commission on Law Enforcement - Criminal Fines | 38 | 30 |
| Louisiana State Treasurer CMIS - Criminal Fines | 5 | 6 |
| LA Dept of Health & Hospitals THI/SCI - Criminal Fines | 15 | 20 |
| LA Association of Chiefs of Police | - | - |
| Louisiana Supreme Court - Criminal Fines | - | - |
| Less: Amounts Retained by Collecting Agency | | |
| Amounts "Self-Disbursed" to Collecting Agency - Criminal Fines Other | <u>13,301</u> | <u>9,100</u> |
| Subtotal Disbursements/Retainage | <u>13,463</u> | <u>9,284</u> |
| Ending Balance of Amounts Collected but not Disbursed/Retained | <u>\$ 48</u> | <u>\$ 346</u> |

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

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

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

We 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 the Village of Morse, Louisiana (the "Village") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2021-001 through 2021-004 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2021-005.

The Village of Morse, Louisiana's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 13, 2021

VILLAGE OF MORSE, LOUISIANA

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings –

2021-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2020

CONDITION: The Village did not have adequate segregation of functions within the accounting system.

CRITERIA: The Village should have a control policy according to which no person should be given responsibility for more than one related function.

CAUSE: Due to the size of the Village, there are a small number of available employees.

EFFECT: The Village has employees that are performing more than one related function.

RECOMMENDATION: The Village should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2021-002 Accounting for Traffic Citations

Fiscal year finding initially occurred: 2019

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

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

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

EFFECT: The Village could be out of compliance with documentation and records retention regulations and there is no accounting of what, if any, violations occurred or how much to charge for fees.

RECOMMENDATION: The Village should issue ticket books in chronological order. In addition to having proper controls over the dismissal of tickets (proper signatures). The Village should also reconcile ticket revenue received to the fine schedule to avoid over/underpayments.

MANAGEMENT'S CORRECTION ACTION PLAN: The Mayor and Police Chief will work together to ensure that policies and procedures are established and followed regarding tickets issued and dismissed.

VILLAGE OF MORSE, LOUISIANA

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

2021-003 Improper amounts collected for ticket fines.

Fiscal year finding initially occurred: 2019

CONDITION: The Village did not collect the correct amount for ticket fines.

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

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

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

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

MANAGEMENT'S CORRECTION ACTION PLAN: The Clerk will reconcile all NCourt payments received with actual fines.

2021-004 Inadequate Recordation of Transactions and Reconciliation of Account Balances

Fiscal year finding initially occurred: 2020

CONDITION: The Village does not have adequate controls over recordation of transactions and monthly reconciliations of account balances. Specific accounting areas involve the following: (1) accounts receivable – utility reconciliations, (2) accounts payable reconciliations, and (3) interfund transactions and balances.

CRITERIA: The Village should have policies and procedures designed to ensure that all transactions are properly recorded and account balances are reconciled on a timely basis. Additionally, internal controls are necessary in order to safeguard assets from misappropriation.

CAUSE: Due to inadequate policies and procedures, the Village's accounting records may not be accurate and reconciled timely.

EFFECT: The Village could have material errors in the financial statements, thereby causing management to make decisions based upon erroneous information. Additionally, lack of internal controls could result in misappropriation of assets.

RECOMMENDATION: The Village should implement policies and procedures to ascertain that transactions are properly recorded and account balances are reconciled on a timely basis.

MANAGEMENT'S CORRECTION ACTION PLAN: The Village will implement policies and procedures to ascertain that transactions are properly recorded and account balances are reconciled on a timely basis.

VILLAGE OF MORSE, LOUISIANA

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

B. Compliance Findings –

2021-005 Improper Assessment of Late Fees for Council Members and Employees.

Fiscal year finding initially occurred: 2021

CONDITION: The Village should have a policy and procedures in place to properly assess and collect late fees for council members and employees.

CRITERIA: The Village does not have a policy and procedures in place to ensure that late fees are added to all customer accounts (including council members and employees) when the account becomes delinquent.

CAUSE: The Village's utility billing software is not set up to automatically add the late fees in accordance with the Village's policy.

EFFECT: Council members and employees are not being assessed late fees.

RECOMMENDATION: The Village should establish a policy and procedures and computer automation over all customer accounts to ensure that late fees are being charges to all delinquent accounts.

MANAGEMENT'S CORRECTION ACTION PLAN: Management has begun to assess appropriate late fees to council members and employees.

C. Management Letter –

A management letter was issued related to operating deficits in the Water and Sewer Utility Funds.

Part II. Prior Year Findings

A. Internal Control Findings -

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2020

CONDITION: The Village did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The Village should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2021-001.

VILLAGE OF MORSE, LOUISIANA

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

2020-002 Financial Statements Not in Accordance with GAAP

Fiscal year finding initially occurred: Unknown

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

RECOMMENDATION: The Village should outsource the task to ensure the recording of its financial transactions in accordance with GAAP.

CURRENT STATUS: Resolved.

2020-003 Accounting for Traffic Citations

Fiscal year finding initially occurred: 2019

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

RECOMMENDATION: The Village should issue ticket books in chronological order. In addition to having proper controls over the dismissal of tickets (proper signatures). The Village should also reconcile ticket revenue received to the fine schedule to avoid over/underpayments.

CURRENT STATUS: Unresolved. See finding 2021-002

2020-004 Improper amounts collected for ticket fines

Fiscal year finding initially occurred: 2019

CONDITION: The Village did not collect the correct amount for ticket fines.

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

CURRENT STATUS: Unresolved. See finding 2021-003

2020-005 Inadequate Recordation of Transactions and Reconciliation of Account Balances

Fiscal year finding initially occurred: 2020

CONDITION: The Village does not have adequate controls over recordation of transactions and monthly reconciliations of account balances. Specific accounting areas involve the following: (1) accounts receivable – utility reconciliations, (2) accounts payable reconciliations, and (3) interfund transactions and balances

VILLAGE OF MORSE, LOUISIANA

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

RECOMMENDATION: The Village should implement policies and procedures to ascertain that transactions are properly recorded and account balances are reconciled on a timely basis.

CURRENT STATUS: Unresolved. See finding 2021-004

B. Compliance Findings -

There were no compliance findings during fiscal year ended June 30, 2020.

C. Management Letter –

A management letter was issued related to operating deficits in the Water and Sewer Utility Fund.

KOLDER, SLAVEN & COMPANY, LLC

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MANAGEMENT LETTER

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

We have completed our audit of the basic financial statements of the Village of Morse, Louisiana for the year ended June 30, 2021, and submit the following recommendation for your consideration:

The Water Utility and Sewer Utility Funds experienced operating losses of \$12,479 and \$24,829 respectively during the current year. The Village should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 13, 2021