

VILLAGE OF MORGANZA, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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

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

Salvador J. Tuminello

ALDERMEN

Chris Guedry/Debbie Guedry
Clarence Wells
Stephanie Savoy

CITY MANAGER

Mark S. Ramagos

CITY CLERK

Elizabeth Dalton

CHIEF OF POLICE

Mark S. Ramagos

MEETING DATE

3rd Tuesday of Every Month
3:00 PM - Town Hall

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REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis

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

Village of Morganza, Louisiana
Management's Discussion and Analysis
June 30, 2017

INTRODUCTION

This annual report consists of -

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

Management's Discussion and Analysis

As management of the Village of Morganza, Louisiana, we are pleased to provide an overview of our financial activities for the year ended June 30, 2017. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last year's audited financial report.

Financial Highlights

- The Village's net position decreased by \$52,209 from \$1,911,299 in 2016 to \$1,859,089 in 2017
- Governmental revenues decreased from \$139,759 to \$136,685
- Utility operating revenues increased from \$373,707 to \$413,749
- Cash and investments increased by \$39,035 for the year ended June 30, 2017

Overview of the Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

The notes, presented on pages 16 thru 33, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary control, on page 34.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. At the end of the most recent year, the assets of the Village exceeded its liabilities by \$1,859,089.

The Village's total assets are composed of \$677,141 (33.66%) in cash, investments, inventory, prepaid items and receivables, \$32,131 (1.60%) of noncurrent assets (restricted cash and cash equivalents) and \$1,302,425 (64.74%) investment in capital assets (land, buildings, utility systems, vehicles and equipment, etc.). The Village uses these capital assets to provide various services to residents and businesses in the incorporated area, these assets are not available for future spending.

The Village has \$556,664 to be used in future operations and acquisition of new capital assets that will improve the operations of the Village.

Statement of Net Position

	Governmental Activities	Business-type Activities	Total 2017	Total 2016	% Change
Current and other assets	\$ 90,933	\$ 85,179	\$ 709,272	\$ 637,361	10.14%
Noncurrent assets		1,217,246	1,302,425	1,396,450	-7.22%
Total assets	176,112	1,835,585	2,011,697	2,033,811	-1.10%
Deferred outflows of resources	-	47,288	47,288	32,110	32.10%
Current and other liabilities	4,120	48,318	52,438	26,166	50.10%
Noncurrent liabilities	-	143,883	143,883	124,417	13.53%
Total liabilities	4,120	192,201	196,321	150,583	23.30%
Deferred inflows of resources	-	3,575	3,575	4,041	-13.03%
Net position -					
Invested in capital assets, net of related debt	85,179	1,217,246	1,302,425	1,396,450	-7.22%
Unrestricted	86,813	469,851	556,664	514,848	7.51%
Total net assets	\$ 171,992	\$ 1,687,097	\$ 1,859,089	\$ 1,911,298	-2.81%

(Continued on next page)

The Village's total revenues increased by \$6,486 from \$545,913 in 2016 to \$552,399 in 2017. Total expenses increased by \$29,641 from \$574,965 in 2016 to \$604,606 in 2017.

Changes in Net Position

	Governmental Activities	Business-type Activities	Total 2017	Total 2016	% Change
Revenues:					
Program revenues -					
Charges for services	\$ 44,874	\$ 392,426	\$ 437,300	\$ 388,612	11.13%
Operating grants and contributions	-	-	-	31,703	-100.00%
Capital grants and contributions	-	-	-	20,000	-100.00%
General revenues -					
Property taxes	29,206	-	29,206	21,501	26.38%
Sales taxes	35,303	-	35,303	38,409	-8.80%
Franchise taxes	16,370	-	16,370	15,359	6.18%
Intergovernmental	6,308	-	6,308	6,968	-10.46%
Other general revenues	1,349	21,323	22,672	22,617	.24%
Investment earnings	-	1,965	1,965	744	62.14%
Gain (Loss) on disposal of capital assets	3,275	-	3,275	-	100.00%
Total revenues	136,685	415,714	552,399	545,913	1.17%
Functions/Program expenses -					
General government	53,147	253,618	306,765	287,581	6.25%
Public safety	10,031	-	10,031	15,876	-58.27%
Streets	53,067	-	53,067	65,824	-24.04%
Health and welfare	570	-	570	760	-33.33%
Utility operations	-	234,173	234,173	204,924	12.49%
Bad debts written off	-	-	-	-	0.00%
Total expenses	116,815	487,791	604,606	574,965	4.90%
Increase (Decrease) in net position	\$ 19,870	\$ (72,077)	\$ (52,207)	\$ (29,052)	-44.35%
Beginning net position (Restated)	152,123	1,759,175	1,911,297	1,940,350	-1.52%
Ending net position	\$ 171,992	\$ 1,687,097	\$ 1,859,090	\$ 1,911,299	-2.81%

Governmental Fund Financial Analysis

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

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

Revenues	FYE2017 Amount	Percent of Total	FYE 2016 Amount	Increase (Decrease) From FYE 2016	Percent Increase (Decrease)
Taxes	\$ 80,879	60.62%	\$ 75,269	\$ 5,610	7.45%
Intergovernmental	6,308	4.73%	26,968	(20,660)	-76.61%
Charges for services	2,260	1.69%	2,197	63	2.87%
Fines and forfeitures	4,721	3.54%	8,673	(3,952)	-45.57%
Licenses and permits	37,893	28.40%	26,311	11,582	44.02%
Miscellaneous	1,349	1.01%	341	1,008	295.60%
Total Revenues	\$ 133,410	100.00%	\$ 139,559	\$ (6,349)	-4.54%

Expenditures	FYE2017 Amount	Percent of Total	FYE 2016 Amount	Increase (Decrease) From FYE 2016	Percent Increase (Decrease)
General government	\$ 52,058	47.37%	\$ 54,214	\$ (2,556)	-4.68%
Police	8,882	8.08%	12,915	(4,033)	-31.23%
Streets	48,388	44.03%	60,578	(12,190)	-20.12%
Health and welfare	570	0.52%	760	(190)	-25.00%
Capital outlay	-	0.00%	20,376	(20,376)	-100.00%
Total Expenditures	\$ 109,897	100.00%	\$ 149,243	\$ (39,345)	-26.36%

Budgetary Highlights

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

The General Fund final budgeted revenues were \$109,030 which was \$27,655 less than actual revenues. Current expenditures were \$26,138 less than the original budget. Capital Outlays were \$-0- compared to budgeted capital outlays of \$-0- during the fiscal year.

A budgetary comparison statement for the General Fund is required and can be found on page 34. This statement compares the original adopted budget, the final amended budget, and the actual expenditures prepared on a budgetary basis which was prepared on the modified accrual basis of accounting.

Capital Assets

At June 30, 2017 and 2016, the Village had \$1,302,427 and \$1,396,450, respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment.

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,000	\$ 2,000	\$ 30,610	\$ 30,610	\$ 32,610	\$ 32,610
Buildings	46,349	47,501	3,079	3,643	49,428	51,144
Improvements other than buildings	-	-	231,264	233,465	231,264	233,465
Machinery and equipment	28,407	33,573	4,465	13,386	32,872	46,959
Furniture and fixtures	-	-	704	733	704	733
Vehicles	-	-	26,137	34,839	26,137	34,839
Infrastructure	8,423	9,023	-	-	8,423	9,623
Utility property	-	-	920,987	987,677	920,987	987,677
Totals	\$ 85,179	\$ 92,097	\$ 1,217,246	\$ 1,304,353	\$ 1,302,425	\$ 1,396,450

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

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

Economic Factors and Next Year's Budgets and Rates

The budget adopted for the fiscal year ending June 30, 2017 only shows a moderate decrease to maintain the services provided to the citizens of the Village.

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

The Public Utility Systems shows a negative net profit margin of 17.33% which has been a continuing trend over the past five years.

Contacting the Village's Financial Management

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

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Village of Morganza, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Village of Morganza, Louisiana as of June 30, 2017, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison and pension liability information on pages 1 through 6, page 34, and pages 35 and 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Morganza, Louisiana's basic financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer ("Other Supplementary Information") is presented on page 37 for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated December 5, 2017, on my consideration of the Village's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

W. Kathleen Beard, CPA, LLC

Certified Public Accountant
Bueche, Louisiana
December 5, 2017

BASIC FINANCIAL STATEMENTS

Village of Morganza, Louisiana
Statement of Net Position
June 30, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents and investments	\$ 78,896	\$ 527,061	\$ 605,957
Restricted cash	-	32,131	32,131
Receivables (net of allowances for uncollectibles)	7,789	37,339	45,128
Inventory	-	7,821	7,821
Prepaid Items	4,248	13,987	18,235
Capital assets:			
Nondepreciable	2,000	215,640	217,640
Depreciable, net of accumulated depreciation	83,179	1,001,606	1,084,785
TOTAL ASSETS	<u>176,112</u>	<u>1,835,585</u>	<u>2,011,697</u>
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pensions	-	47,288	47,288
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>47,288</u>	<u>47,288</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 4,120	\$ 15,165	\$ 19,285
Due to other governments	-	26,895	26,895
Customer meter deposits	-	32,914	32,914
Compensated absences payable	-	6,258	6,258
Net pension liability	-	110,969	110,969
TOTAL LIABILITIES	<u>4,120</u>	<u>192,201</u>	<u>196,321</u>
DEFERRED INFLOWS OF RESOURCES			
Resources related to pensions	-	3,575	3,575
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>3,575</u>	<u>3,575</u>
NET POSITION			
Net Investment in Capital Assets	85,179	1,217,246	1,302,425
Unrestricted	86,813	469,851	556,664
TOTAL NET POSITION	<u>\$ 171,992</u>	<u>\$ 1,687,097</u>	<u>\$ 1,859,089</u>

The accompanying notes are an integral part of this statement.

**Village of Morganza, Louisiana
Statement of Activities
For the Year Ended June 30, 2017**

	Program Revenues				Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions		Governmental Activities	Business-type Activities	Total
Governmental Activities								
General government	\$ 53,147	\$ 37,893	\$ -	\$ -	\$ (15,254)	\$ (15,254)	\$ -	\$ (15,254)
Public safety	10,031	4,721	-	-	(5,310)	(5,310)	-	(5,310)
Public works	53,067	2,260	-	-	(50,807)	(50,807)	-	(50,807)
Health and welfare	570	-	-	-	(570)	(570)	-	(570)
Total Governmental Activities	116,815	44,874	-	-	(71,941)	(71,941)	-	(71,941)
Business-type Activities								
General and administrative	253,618	-	-	-	(253,618)	-	(253,618)	(253,618)
Natural Gas	91,092	214,386	-	-	123,294	-	123,294	123,294
Water	76,483	82,136	-	-	5,653	-	5,653	5,653
Sewer	66,598	95,904	-	-	29,306	-	29,306	29,306
Total Business-type Activities	487,791	392,426	-	-	(95,365)	-	(95,365)	(95,365)
Total Primary Government	\$ 604,606	\$ 437,300	\$ -	\$ -	\$ (167,306)	\$ (71,941)	\$ (95,365)	\$ (167,306)
General Revenues:								
Property taxes						\$ 29,206	\$ -	\$ 29,206
Sales taxes						35,303	-	35,303
Franchise taxes						16,370	-	16,370
Intergovernmental						6,308	-	6,308
Other general revenues						1,349	21,323	22,672
Investment earnings						-	1,965	1,965
Special item - Gain on sale of capital assets						3,275	-	3,275
Total general revenues and transfers						91,811	23,288	115,099
Change in Net Position						19,870	(72,077)	(52,207)
Net position-beginning						152,123	1,759,175	1,911,297
Net position-ending						\$ 171,992	\$ 1,687,097	\$ 1,859,090

The accompanying notes are an integral part of this statement.

**Village of Morganza, Louisiana
Balance Sheet
Governmental Funds
June 30, 2017**

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS		
Cash and cash equivalents	\$ 78,896	\$ 78,896
Receivables -		
Taxes and licenses	4,115	4,115
From other governments	3,574	3,574
Other	100	100
Due from other funds	-	-
Prepaid insurance	4,248	4,248
TOTAL ASSETS	\$ 90,933	\$ 90,933
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued expenses	\$ 4,120	\$ 4,120
Due to other funds	-	-
Due to other governments	-	-
Total Liabilities	4,120	4,120
Fund balances:		
Nonspendable - prepaid insurance	4,248	4,248
Unassigned	82,565	82,565
Total Fund balances	86,813	86,813
TOTAL LIABILITIES AND FUND BALANCES	\$ 90,933	\$ 90,933

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the Balance Sheet - Governmental Funds (net of accumulated depreciation of \$139,623)

85,179

Net Position of Governmental Activities (Statement A)

\$ 171,992

The accompanying notes are an integral part of this statement.

Village of Morganza, Louisiana
Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds
For the Year Ended June, 30, 2017

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
Taxes:		
Ad valorem	\$ 29,206	\$ 29,206
Sales and use	35,303	35,303
Other taxes, penalties, interest, etc.	16,370	16,370
Licenses and permits	37,893	37,893
Intergovernmental revenues:		
State funds:		
LGAP Grant	-	-
Beer and video poker taxes	6,308	6,308
Fees, charges, and commissions for services	2,260	2,260
Fines and forfeitures	4,721	4,721
Other revenues	1,349	1,349
Total Revenues	133,410	133,410
EXPENDITURES		
General government	52,058	52,058
Public safety	8,882	8,882
Public works	48,388	48,388
Health and welfare	570	570
Capital outlay	-	-
Total Expenditures	109,897	109,897
Excess (deficiency) revenues over expenditures	23,513	23,513
OTHER FINANCING SOURCES (USES)		
Sale of capital assets	3,275	3,275
Total Other Financing Sources and Uses	3,275	3,275
Net Change in Fund Balance	26,788	26,788
Fund balances -- beginning (Restated)	60,026	
Fund balances -- ending	\$ 86,813	
Amounts reported for governmental activities in the Statement of Activities		
are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated Useful lives and reported as depreciation expense. This is the amount which depreciation exceeded capital outlays in the current period		
Depreciation expense		(6,918)
Capital outlays		-
Change in Net Position of Governmental Activities (Statement B)		\$ 19,870

The accompanying notes are an integral part of this statement.

STATEMENT E

Village of Morganza, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2016

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
	Public Utilities
ASSETS	
Current Assets:	
Cash and cash equivalents and investments	\$ 527,061
Customer receivables (net of allowances for uncollectibles)	37,339
Due from other governments	-
Inventory	7,821
Prepaid items	13,987
Total Current Assets	586,208
Noncurrent Assets:	
Restricted cash	32,131
Capital assets:	
Nondepreciable	215,640
Depreciable, net of accumulated depreciation	1,001,606
Total Capital Assets	1,217,246
Total Noncurrent Assets	1,249,377
TOTAL ASSETS	1,835,585
DEFERRED OUTFLOWS OF RESOURCES	
Resources related to pensions	47,288
TOTAL DEFERRED OUTFLOWS OF RESOURCES	47,288
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 15,165
Due to other governments	26,895
Compensated absences payable	6,258
Total Current Liabilities	48,318
Noncurrent Liabilities:	
Payable from restricted assets	
Customer meter deposits	32,914
Other Long-term liabilities	
Net pension liability	110,969
Total Non-Current Liabilities	143,883
TOTAL LIABILITIES	192,201
DEFERRED INFLOWS OF RESOURCES	
Resources related to pensions	3,575
TOTAL DEFERRED INFLOWS OF RESOURCES	3,575
NET POSITION	
Net investment in capital assets	1,217,246
Unrestricted	469,851
TOTAL NET POSITION	\$ 1,687,097

The accompanying notes are an integral part of this statement.

STATEMENT F

Village of Morganza, Louisiana
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUND</u>
	<u>Public Utilities</u>
Operating Revenues	
Charges for services:	
Natural Gas charges	\$ 214,386
Water charges	82,136
Sewer charges	95,904
Penalties	5,533
Miscellaneous	15,790
Total Operating Revenues	<u>413,749</u>
Operating Expenses	
General and administrative	253,618
Natural gas expenses	91,092
Water expenses	76,483
Sewer expenses	66,598
Total Operating Expenses	<u>487,792</u>
Operating Income/(Loss)	(74,042)
Nonoperating Revenues (Expenses)	
Intergovernmental - state grants (CWEF)	-
Intergovernmental - state grants (LGAP)	-
Interest earnings	1,965
Total Nonoperating Revenues (Expenses)	<u>1,965</u>
Income Before Contributions and Transfers	<u>(72,078)</u>
Contributions and Transfers	
Transfers In	-
Transfer Out	-
Total Contributions and Transfers	<u>-</u>
Change in Net Position	(72,078)
Total Net Position-Beginning	1,759,175
Total Net Position-Ending	<u><u>\$ 1,687,097</u></u>

The accompanying notes are an integral part of this statement.

STATEMENT G

Village of Morganza, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
	Public Utilities
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 425,552
Payments to suppliers	(252,610)
Payments to employees	(133,907)
Net Cash Provided (used) by Operating Activities	<u>39,035</u>
Cash Flows From NonCapital Financing Activities	
Increase in amount due other governments	15,627
Net Cash Provided (used) by Noncapital Financing Activities	<u>15,627</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds from State grants	20,967
Purchases of capital assets	-
Net Cash Provided (used) by Capital and Related Financing Activities	<u>20,967</u>
Cash Flows From Investing Activities	
Investment income	1,965
Net Cash Provided (used) by Investing Activities	<u>1,965</u>
Net Increase (decrease) in Cash and Cash Equivalents	77,594
Cash and Cash Equivalents, Beginning of Year	481,598
Cash and Cash Equivalents, End of Year	<u><u>559,192</u></u>
Cash and Cash Equivalents, Beginning of Year:	
Unrestricted	\$ 450,941
Restricted	30,657
	<u>\$ 481,598</u>
Cash and Cash Equivalents, End of Year:	
Unrestricted	\$ 527,061
Restricted	32,131
	<u>\$ 559,192</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided (used) by Operating Activities	
Operating income/(loss)	(74,042)
Depreciation expense	87,107
Adjustments:	
(Increase) decrease in accounts receivable	10,149
(Increase) decrease in prepaid expenses	733
Increase (decrease) in accounts payable and accrued liabilities	11,267
Increase (decrease) in customer deposits	1,654
(Increase) decrease in deferred outflows of resources	(15,178)
Increase (decrease) in deferred inflows of resources	(466)
Increase (decrease) in net pension liability	17,812
Total Adjustments	<u>25,970</u>
Net Cash Provided (used) by Operating Activities	<u>\$ 39,035</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

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

Fund Financial Statements

The Village uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Village are classified into two categories: governmental and proprietary/enterprise. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is a primary operating fund of the Village; if the total assets, liability, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; or if the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined. The Village reports these major funds:

Governmental Funds:

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

Proprietary Funds:

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

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

Basis of Accounting

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

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

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

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

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

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

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

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

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

Budgets

The Village uses the following budget practices:

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

Accounting Estimates

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

Property Taxes

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

Cash, Cash Equivalents, and Investments

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

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

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

Accounts Receivable and Bad Debts

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

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

Compensated Absences

Village employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement, or when sick, in varying amounts depending on length of service. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the public utility fund only for amounts that have become due. At June 30, 2017, accumulated unpaid vacation leave is considered material and therefore has been accrued in the financial statements in the amount of \$6,258.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

Equity Classification

Government Wide and Proprietary Fund Net Position

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

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

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

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

As of June 30, 2017 fund balances were composed of the following:

	General Fund	Total Governmental Funds
Nonspendable:		
Prepaid items	\$ 4,248	\$ 4,248
Unassigned	82,565	82,565
	\$ 86,813	\$ 86,813

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

Sales and Use Tax

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

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

NOTE 2 - LEVIED TAXES

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

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

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

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

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

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

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents:

The following is a summary of cash and cash equivalents at June 30, 2017:

	Carrying Amount
Petty cash/cash on hand	\$ 564
Demand deposits	383,747
LAMP	253,777
Total Cash and Cash Equivalents	\$ 638,088

Deposits:

At year end, the carrying amount (book balance) of the Village's deposits was \$383,747 and the bank balance was \$394,597. Of the bank balance \$364,268 completely covered by federal depository insurance, \$30,329 was uninsured and uncollateralized and therefore was exposed to collateral risk.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

Investments:

Investments held at year end include \$253,777 invested in the Louisiana Asset Management Pool, Inc. (LAMP) (see Summary of Significant Accounting Policies).

- Credit Risk: LAMP is rated AAAM by Standard's & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore no disclosure is required
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is \$1,207,657,121 AS OF December 31, 2016.
- Foreign currency risk: Not applicable to 2a7-like pools.

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

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

NOTE 4 – RECEIVABLES

Receivables at June 30, 2017 consist of the following:

	<u>General Fund</u>	<u>Public Utility</u>	<u>Total</u>
Tax and license -			
Franchise taxes	\$ 4,005	\$ -	\$ 4,005
Occupational license	110	-	110
Intergovernmental -			
LA Division of Administration - LGAP	-	-	-
LA Video poker tax	1,107	-	1,107
LA Beer tax	367	-	367
LA Department of Transportation	2,100	-	2,100
Customers -			
Accounts	100	62,488	62,588
Total Gross Receivables	7,789	62,488	70,277
Less: Allowance for uncollectible accounts	-	(7,937)	(7,937)
Totals	<u>\$ 7,789</u>	<u>\$ 54,551</u>	<u>\$ 62,340</u>

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund loans receivable are considered "available spendable resources." Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/payables between funds. At June 30, 2017 Due to/from balances were \$0.

NOTE 6 - RESTRICTED ASSETS

Restricted assets consist of utility customer deposits totaling \$32,131 at June 30, 2017. Customer deposits payable from restricted assets totaled \$32,914 at June 30, 2017.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance <u>7/1/2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2017</u>
Governmental Activities				
Non-depreciable:				
Land	\$ 2,000	\$ -	\$ -	\$ 2,000
Total Non-depreciable	2,000	-	-	2,000
Depreciable:				
Buildings	58,426	-	-	58,426
Equipment	128,970	-	(12,294)	116,676
Furniture and fixtures	2,302	-	-	2,302
Vehicles	51,190	-	(20,791)	30,399
Infrastructure	15,000	-	-	15,000
Total Depreciable	255,887	-	(33,085)	222,803
Less: Accumulated depreciation				
Buildings	10,925	1,153	-	12,077
Equipment	95,397	5,165	(12,294)	88,268
Furniture and fixtures	2,302	-	-	2,302
Vehicles	51,190	-	(20,791)	30,399
Infrastructure	5,977	600	-	6,577
Total accumulated depreciation	165,790	6,918	(33,085)	139,623
Total Depreciable, Net	90,097			83,179
Governmental Activities Capital Assets, net	\$ 92,097			\$ 85,179

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

General government	\$ 1,089
Public safety - police	1,150
Public works	4,679
	\$ 6,918

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

	<u>Balance</u> <u>7/1/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2017</u>
Business-type Activities				
Non-depreciable				
Land	\$ 30,610	\$ -	\$ -	\$ 30,610
Land improvements	185,030	-	-	185,030
Construction in progress	-	-	-	-
Total Non-depreciable	215,640	-	-	215,640
Depreciable:				
Improvements	71,593	-	-	71,593
Buildings	11,291	-	-	11,291
Utility systems	2,710,355	-	-	2,710,355
Equipment	97,976	-	-	97,976
Furniture and fixtures	2,403	-	-	2,403
Vehicles	69,645	-	-	69,645
Total Depreciable	2,963,263	-	-	2,963,263
Less: Accumulated depreciation				
Improvements	23,158	2,202	-	25,359
Buildings	7,648	565	-	8,212
Utility systems	1,722,678	66,690	-	1,789,368
Equipment	84,590	8,921	-	93,511
Furniture and fixtures	1,670	28	-	1,699
Vehicles	34,806	8,702	-	43,508
Total Accumulated depreciation	1,874,550	87,107	-	1,961,657
Total Depreciable, net	1,088,713			1,001,606
Business-type Activities Capital Assets, net	\$ 1,304,353			\$ 1,217,246

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

Public Utility:	
General and administrative	\$ 2,619
Natural gas	4,514
Water	40,051
Sewer	39,923
	\$ 87,107

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

NOTE 8 - PENSION PLAN AND RETIRMENT COMMITMENTS

Social Security and Medicare -

All employees of the Village are members of the Federal Social Security and Medicare System. The total payroll for employees of the Village covered by the System for the year ended June 30, 2017, was \$178,965.

The total contribution to the System is 15.3% of taxable payroll of which the Village contributes 7.65% and employees contribute 7.65% each. For the year ended June 30, 2017, the Village contributed \$13,660 to the System.

Municipal Employees' Retirement System of Louisiana (System) –

For the year ended June 30, 2016, the Village of Morganza adopted, GASB No. 68, *Accounting and Financial Reporting for Pensions*, which established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It identifies the methods and assumptions that should be used to project benefit payments, discount project benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows. The following note disclosures about the Village's pension plan is required by GASB No. 68

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

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

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

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

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

Plan Membership: The system provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. For the year ended June 30, 2016, there were 85 contributing municipalities in Plan A and 68 in Plan B. Four active employees of the Village are members of Plan B.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

Plan eligibility and benefits are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

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

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

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

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

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

Contributions: The contribution requirements of Plan B members and the Village are established by State statutes. According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the actual employer contribution rate was 19.75% for Plan A and 11.00% for Plan B. Employees of the Village are required to contribute 5.0% of covered compensation to the Plan. The contributions are deducted from the employees' wages and remitted to the Municipal Employees Pension Fund on a monthly basis. The Village of Morganza contributions to the Plan for the years ending June 30, 2017, 2016, and 2015 were \$13,467, \$9,344, and \$9,035, respectively.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The Village of Morganza recognized income from non-employer contributions of \$3,296.

Administrative costs of the System are financed through employer contributions.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: At June 30, 2017 the Village reported a liability of \$110,969 for its Proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the Village's proportion was 0.133874%, which was a decrease of .003192 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village recognized pension expense of \$15,634. At June 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 910	\$ 1,603
Changes of assumptions	5,529	-
Net difference between projected and actual earnings on Plan investments	27,201	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	176	1,972
Village contributions subsequent to the measurement date	-	-
Amortization	13,467	-
	5	-
Totals	<u>\$ 47,288</u>	<u>\$ 3,575</u>

The \$13,467 of deferred outflows of resources resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan as follows:

	Year ending June 30,
2017	8,232
2018	9,305
2019	8,563
2020	<u>4,140</u>
	<u>\$ 30,240</u>

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

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

The actuarial assumptions used in the June 30, 2016 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014.

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2016
Actual Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years for Plan A and 4 years for Plan B
Investment rate of return	7.500%
Inflation rate	2.875%
Salary increases	5.000%
Annuitant and beneficiary mortality	For annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality Tables (set forward 2 years for males and 1 year for females projected to 2028 using scale AA.
Employee mortality	For employees, the RP-2000 Disabled Lives Mortality Tables set back 2 years for both males and females
Disabled lives mortality	For disabled Annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Discount Rate The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.4% and an adjustment for the effect of rebalancing/diversification.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.60%
Public fixed income	35%	1.80%
Alternatives	15%	80.00%
Totals	<u>100%</u>	<u>84.40%</u>
Inflation		2.50%
Expected Arithmetic Nominal Return		7.60%

The discount rate used to measure the total pension liability was 7.50% for the years ended June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2016 is 3 years for Plan A and 4 years for Plan B.

Sensitivity of the Village's Proportional Share of the Net Pension Liability To Changes in the Discount Rate: The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as the Village's net pension liability calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2016:

	Changes in Discount Rate		
	Plan B		
	1% Decrease	Current Discount Rate	1% Increase
Village of Morganza Proportional Share	6.50%	7.50%	8.50%
Net Pension Liability	\$ 143,553	\$ 110,969	\$ 83,169

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2016 were recognized in the current reporting period as pension expense except as follows:

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

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

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

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

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

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

NOTE 9 - UTILITY SERVICE AGREEMENT (Due other Governments)

An agreement between the Solid Waste Disposal System of the Parish of Pointe Coupee and the Village of Morganza provides for the billing of customers on the Village's system. Under the terms of the agreement, the Village retains a \$.85 per customer as a billing fee. The amount owed to the Solid Waste Disposal System as of June 30, 2017 is \$20,291.

An agreement between the Mosquito Abatement District of the Parish of Pointe Coupee and the Village of Morganza provides for the billing of customers on the Village's system. Under terms of the agreement the Village retains a \$.57 per customer as a billing fee. The amount owed to the Mosquito Abatement District as of June 30, 2017 is \$1,726.

On March 12, 2013 the Pointe Coupee Parish Police Jury approved an ordinance that imposes a drainage maintenance fee of \$2.50 on all owners and or other occupants of dwellings and business places to provide revenue to defray the cost of providing and maintaining a system of drainage within the parish. The fee is to be assessed and collected either directly by the police jury or by municipalities providing utility service within the parish. Under terms of the agreement the Village retains a \$.85 per customer as a billing fee. At June 30, 2017 the Village owed Pointe Coupee Parish Police Jury \$4,878 for fees collected.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

NOTE 10 - CENTRALIZED COLLECTION AGENCY AGREEMENT

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

NOTE 11 - RISK MANAGEMENT

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

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

The Village has contracted with Louisiana Municipal Risk Management Agency to provide liability coverage for general acts, law enforcement, and public officials' errors and omissions. In addition, the Village has contracted with a commercial insurance company to provide liability coverage on vehicles. At June 30, 2017, no significant claims were owed and no liability has been recorded.

NOTE 12 - SUBSEQUENT EVENTS

Management for the Village of Morganza has evaluated events or transactions occurring after the balance sheet date through December 5, 2017, which is the date the financial statements were available to be issued.

NOTE 13- COMPENSATION PAID TO BOARD MEMBERS

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

	Salary
Mayor	
Salvador J. Tuminello	\$ 4,550
Aldermen/Alderwomen	
Stephanie Savoy	2,600
Chris O. Guedry	2,000
Debbie Guedry	600
Clarence Wells	2,600
	\$ 12,350

NOTE 14 – RESTATE FUND BALANCE

The Village has elected to begin reporting the prepaid portion of insurance premiums as an asset in the General Fund fund statements, resulting in a restatement and increase to the beginning fund balance in the amount of \$9,427 equal to the amount of prepaid premiums for the prior year. Beginning fund balance as originally stated was \$50,779, adjusted beginning fund balance was \$60,026. There was no change to Net Position of the Governmental activities.

REQUIRED SUPPLEMENTARY INFORMATION

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

Village of Morganza, Louisiana
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Over(Under)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 76,700	\$ 76,700	\$ 80,879	\$ 4,179
Intergovernmental	5,300	5,300	6,308	1,008
Charges for services	2,450	2,450	2,260	(190)
Fines and forfeitures	8,200	8,200	4,721	(3,479)
Licenses and permits	16,330	16,330	37,893	21,563
Investment income	-	-	-	-
Miscellaneous	50	50	4,624	4,574
Total Revenues	109,030	109,030	136,685	27,655
Expenditures				
Current:				
General government	63,605	63,605	52,058	11,548
Police	15,980	15,980	8,882	7,098
Streets	55,700	55,700	48,388	7,312
Health and welfare	750	750	570	180
Capital outlays	-	-	-	-
Total Expenditures	136,035	136,035	109,898	26,138
Excess (deficiency) of Revenues Over Expenditures	(27,005)	(27,005)	26,788	53,793
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Total Other Financing Sources (uses)	-	-	-	-
Net Change in Fund Balance	(27,005)	(27,005)	26,788	53,793
Fund Balance Beginning of Year (Restated)	43,893	43,893	60,026	16,133
Fund Balance End of Year	\$ 16,888	\$ 16,888	\$ 86,813	\$ 69,925

Notes to the Schedule

- (1) Budget utilizes the modified accrual basis of accounting (GAAP)
- (2) The budget was not amended
- (3) Budget reflects excess expenditures over appropriations due to current operating costs
- (4) State Law requires the Village to amend its budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the fiscal year ended June 30, 2017, total actual revenues exceeded budgeted revenues by 25.4 % and actual expenditures were 19.21% under the final adopted budget.

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

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

Schedule of Village's Contributions to MERS – Plan B

Schedule 2

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

Fiscal Year Ended June 30:	2017	2016	2015	2014
Village's proportion of the net pension liability	1.339%	0.137%	0.136%	0.141%
Village's proportionate share of the net pension liability	\$ 110,969	\$ 93,157	\$ 64,037	\$ 77,712
Village's covered-employee payroll	\$ 122,428	\$ 98,362	92,514	90,834
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	90.64%	94.71%	69.22%	85.55%
Plan fiduciary net position as a percentage of the total pension liability.	63.34%	68.71%	76.94%	71.92%

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

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

Municipal Employee Retirement System (MERS)

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

OTHER INFORMATION

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

Village of Morganza, Louisiana
Schedule of Compensation, Benefits and other Payments To
Agency Head or Chief Executive Officer
June 30, 2017

Agency Head Name: Salvadore J. Tuminello, Mayor

Purpose:	<u>Amount</u>
Salary	\$ 4,550
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Social security and medicare employer contributions	348
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Conference travel	-
Conference fees	-
Continuing professional education fees	-
Housing	-
Meals	-
Unvouchered expenses	-
Telephone	1,150
	<u>\$ 6,048</u>

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Village of Morganza, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued my report thereon dated December 5, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* reported as Item 2017-1 in the Schedule of Findings and Responses.

Purpose of this Report

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

W. Kathleen Beard

Certified Public Accountant
Bueche, Louisiana
December 5, 2017

**Village of Morganza, Louisiana
Schedule of Findings and Responses
For the Year Ended June 30, 2016**

Summary of Audit Results

Financial Statements

Type of auditor's report issued: Unmodified Opinion

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

Noncompliance Material to the Financial Statements X Yes __ None reported

Internal Control and Compliance Findings Material to the Financial Statements

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

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

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

Cause: Account balances increased during the current fiscal year to an amount in excess of FDIC limits.

Effect: Deposits of state and local governments are exposed to risks that may potentially result in losses.

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

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

Federal Awards

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

Management Letter

No management letter was issued

Village of Morganza, Louisiana
Summary Schedule and Resolution of Prior Year Findings
June 30, 2017

Findings - Compliance

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

Condition: Actual expenditures exceeded budgeted expenditures by 8.12% in the General Fund.

Recommendation: The budget represents the authority to expend funds, therefore budget development should include consideration of projected financial activities through the end of the fiscal year or be reflected in the next fiscal year budget.

Resolution: The finding was resolved in the current fiscal year.

Independent Accountant's Report on
Applying Statewide Agreed Upon Procedures

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Salvatore J. Tuminello, Mayor
and Members of the Board of Alderpersons
Village of Morganza, Louisiana and the Louisiana Legislative Auditor

I have performed the procedures described in Schedule 2, which were agreed to by the Village of Morganza (Village) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Village's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
All addressed without exception
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Exception - purchasing policies and procedures did not address how purchases are initiated, how vendors are added to vendor list and documentation requirements for all bids and price quotes. Due to its small size, the Village does not utilize purchase requisitions and purchase orders.
 - c) **Disbursements**, including processing, reviewing, and approving
All addressed without exception
 - d) **Receipts**, including receiving, recording, and preparing deposits
All addressed without exception

Independent Accountant's Report on Applying Agreed-Upon Procedures – Continued

Honorable Salvatore J. Tuminello, Mayor and

Members of the Board of Alderpersons

Village of Morganza, Louisiana and the Louisiana Legislative Auditor

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

All addressed without exception

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Exception - the Village has no written policy and procedure for contracts.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Exceptions - the policy did not address control of credit cards and monitoring credit card usage

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

All addressed without exception

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Exception - no written policy for ethics was provided.

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

Exception - no policy was provided and no debt as incurred during the current fiscal year

Board

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Exception - the minutes reflect that the board met 10 out of 12 months.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Exception - Monthly budgetary comparisons were provided to the mayor and board by handout. However, the minutes do not reflect any discussion of the reports.

- c) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

There was never a fund balance deficit, therefore, there was no written plan to eliminate the deficit spending.

- d) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Obtained and reviewed the minutes of the board for the fiscal period noting that non-financial information was referenced

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Each bank account was reconciled without exception

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Exception –bank accounts examined did not have evidence of management review

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Review of bank reconciliations for all accounts indicates that there were only 2 checks outstanding for greater than six months indicating ongoing review procedures are performed.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of cash collection locations provided by management, and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.*

For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Written documentation was obtained and addresses the functions noted above; There are two office personnel, Clerk and Utility clerk, both are bonded. Utility clerk is primarily responsible for collecting payments and posting to utility billing system, however, with only two office personnel, the Clerk must sometimes also collect payments from customers and uses the same cash drawer (Exception) the Clerk prepares and records deposits, both reconcile bank accounts jointly, one is predominately responsible for general fund, the other public utility.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Written documentation was obtained and addresses the functions noted above; Village has a process for the Clerk to reconcile deposits to corresponding utility payment registers and to general ledger posting. The Clerk's responsibility for cash collections is limited to absences of the Utility Clerk.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collection documentation was obtained and deposits were made within one day of collections without exception

Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections are completely supported by collection documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Village's written procedures do not include some of the processes specifically defined to determine completeness of all collections, however supporting documentation and related procedures do exist to document completeness of collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

The electronic listing of disbursements and management's representation that the listing is complete was obtained

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The requisition/purchase order system is not utilized by the Village, (exception).

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Invoices were approved by the Mayor prior to signing check, however there was no written documentation of approval found on invoice.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation of each of the 25 disbursements and found all payments were processed with supporting invoice however, for applicable disbursements for goods purchased none of the items tested included a receiving report because the Village's written policies and procedures do not require such documentation. Additionally, there was no written evidence on the invoice of proper approval by Mayor (exception).

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Exception – the Clerk processes payments and also adds vendors in the accounting program to process invoices and prepare checks

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Exception –The person with signatory authority also can initiate and record purchases, however all checks require two signatures.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Observed the Village's checks are printed on blank check stock, unused checks are stored in a locked closet.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Not applicable, signature stamp is not used

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

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

The listing of credit cards and management's representation that the listing is complete was obtained

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

On the month tested, supporting documentation was attached to the statement however there was no written evidence of review and approval.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

On the month tested there was no finance or late fees assessed

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
Exception – Out of 25 transactions tested, 5 did not have original itemized receipt
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
No exceptions noted
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
Exception – found no written evidence of authorization; Purchase order system not utilized by the Village
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
No transactions met the threshold of the LA Public Bid Law requirements
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

All transactions tested appear comparable to Article 7, Section 14

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

The Village had no travel reimbursements during the current fiscal year, and have receive management's representation letter.

Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Village has adopted LA Division of Administration PPM No 49 General Travel Regulations, no travel and expense reimbursements noted. Travel expenses were paid directly with credit card.

18. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
Not applicable, no reimbursements paid
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
Travel expenses were paid by credit card, see procedure #16.
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
Travel expenses were paid by credit card, see procedure #16.
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
Obtained written policy which for non-routine travel, requires written authorization and approval by Clerk or Mayor, no written authorization was noted (exception).
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
Travel expenses were paid by credit card, see procedure #16
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
Travel expenses were paid by credit card, see procedure #16

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
Obtained listing of contracts in effect, and management's representation that the listing is complete.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
No exceptions noted

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
No noncompliance noted
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
Not applicable
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
No contracts were amended
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
No exceptions noted
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).
There were no new contracts requiring approval during the current fiscal year

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- Obtained listing of employees with their related salaries and management's representation that the listing is complete.*
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
Exception – there was no employment contract or pay rate structure for employees other than Clerk whose salary is established annually by ordinance.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
Exception – found no written approval of pay increases other than Clerk whose salary is established annually by ordinance

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Exception – found no written documentation of approval for leave taken.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Terminations were of part-time employees only, not subject to paid leave

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No ethics violations occurred.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable – no debt issued during the current fiscal period

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable – the Village has no debt

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Village has no tax millages relating to debt service

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The required notice has not been posted on the entity's premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted

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

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

W. Kathleen Beard, CPA

Bueche, LA
December 5, 2017