

VILLAGE OF MORGANZA, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/15/10

**VILLAGE OF MORGANZA
POINTE COUPEE PARISH, LOUISIANA
P. O. BOX 66
MORGANZA, LA 70759
(225) 694-3655**

MAYOR

Salvador J. Tuminello

ALDERMEN

Carmella Guedry
John Mitch Langlois
Stephanie Savoy

CITY MANAGER

Mark S. Ramagos

CITY CLERK

Elizabeth Dalton

CHIEF OF POLICE

Joseph B. Robillard

MEETING DATE

3rd Thursday of Every Month
7:00 PM - Town Hall

**VILLAGE OF MORGANZA, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2010
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Salvatore J. Turninello, Mayor and
Members of the Board of Aldermen
Village of Morganza, Louisiana

I have audited the accompanying financial statements of governmental activities and business-type activities of the Village of Morganza, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities, of the Village of Morganza, Louisiana as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 15, 2010 on my consideration of the Village of Morganza, Louisiana's internal control structure and on its compliance with laws and regulations. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide and opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the result of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, and budgetary comparison information page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

W. Kathleen Beard

Certified Public Accountant
November 15, 2010

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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, 2010

INTRODUCTION

This annual report consists of -

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

Management's Discussion and Analysis

As management of the Village of Morganza, Louisiana, we are pleased to provide an overview of our financial activities for the year ended June 30, 2010. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last year's audited financial report.

Financial Highlights

- The Village's net assets decreased by \$61,085 from \$2,109,504 in 2009 to \$2,048,419 in 2010
- Governmental revenues decreased from \$179,027 to \$146,932
- Utility operating revenues decreased from \$437,654 to \$403,654
- Cash decreased by \$6,792 for the year ended June 30, 2010

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 13 and 14, are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds -- Governmental funds, presented on pages 15 thru 19, focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Most of the Village's basic services are reported in governmental funds. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between *governmental activities* (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental *funds* in a reconciliation following the fund financial statements.

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

Notes to the Financial Statements

The notes, presented on pages 21 thru 29, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements.

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Village's financial position. At the end of the most recent year, the assets of the Village exceeded its liabilities by \$2,048,419.

The Village's total assets are composed of \$735,148 (33.33%) in cash and receivables and \$1,462,961 (66.32%) 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 \$585,458 to be used in future operations and acquisition of new capital assets that will improve the operations of the Village.

Statement of Net Assets

	Governmental Activities	Business-type Activities	Total 2010	Total 2009	% Change
Current and other assets	\$ 130,949	\$ 546,001	\$ 676,950	\$ 680,257	-0.49%
Noncurrent assets	104,437	1,424,543	1,528,980	1,583,497	-3.44%
Total assets	<u>235,386</u>	<u>1,970,544</u>	<u>2,205,930</u>	<u>2,263,754</u>	-2.55%
Current and other liabilities	8,718	82,774	91,492	89,976	1.68%
Noncurrent liabilities	0	66,019	66,019	67,324	
Total liabilities	<u>8,718</u>	<u>148,793</u>	<u>157,511</u>	<u>157,300</u>	0.13%
Net assets -					
Invested in capital assets, net of related debt	104,437	1,358,524	1,462,961	1,516,173	-3.51%
Restricted	0	0	0	0	
Unrestricted	122,231	463,227	585,458	590,281	-0.82%
Total net assets	<u>\$ 226,668</u>	<u>\$ 1,821,751</u>	<u>\$ 2,048,419</u>	<u>\$ 2,106,454</u>	-2.76%

(continued on next page)

The Village's total revenues decreased by \$59,070 from \$644,984 in 2009 to \$585,914 in 2010.

Total expenses decreased by \$2,385 from \$646,334 in 2009 to \$643,949 in 2010.

Changes in Net Assets

	Governmental Activities	Business-type Activities	Total 2010	Total 2009	% Change
Revenues:					
Program revenues -					
Charges for services	\$ 45,164	\$ 403,654	\$ 448,818	\$ 492,296	-8.83%
Operating grants and contributions	0	0	0	0	
Capital grants and contributions	4,968	0	4,968	25,000	-80.13%
General revenues -					
Property taxes	11,971	0	11,971	11,708	2.25%
Sales taxes	54,503	0	54,503	69,971	-22.11%
Franchise taxes	19,822	0	19,822	23,129	-14.30%
Intergovernmental	6,452	34,765	41,217	17,213	139.45%
Other general revenues	4,052	563	4,615	5,667	-18.56%
Transfers	0	0	0	0	
Total revenues	146,932	438,982	585,914	644,984	-9.16%
Functions/Program expenses -					
General government	60,292	0	60,292	69,621	-13.40%
Public safety	46,896	0	46,896	50,225	-6.63%
Streets	53,226	0	53,226	54,766	-2.81%
Health and welfare	7,750	0	7,750	1,598	384.98%
Utility operations	0	475,785	475,785	470,124	1.20%
Interest on long-term debt	0	0	0	0	
Total expenses	168,164	475,785	643,949	646,334	-0.37%
Increase (Decrease) in net assets	\$ (21,232)	\$ (36,803)	\$ (58,035)	\$ (1,350)	4198.89%
Beginning net assets	247,900	1,858,554	2,106,454	2,107,804	-0.06%
Ending net assets	\$ 226,668	\$ 1,821,751	\$ 2,048,419	\$ 2,106,454	-2.76%

Governmental Fund Financial Analysis

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

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

Revenues	FYE 2010 Amount	Percent of Total	FYE 2009 Amount	Increase (Decrease) from FYE 2009	Percent Increase (Decrease)
Taxes	\$ 86,296	58.73%	\$ 104,807	\$ (18,511)	-17.66%
Intergovernmental	11,420	7.77%	17,213	(5,793)	-33.65%
Charges for services	9,691	6.60%	2,927	6,764	231.09%
Fines and forfeitures	5,091	3.46%	6,275	(1,184)	-18.87%
Licenses and permits	26,268	17.88%	26,164	104	0.40%
Interest	0	0.00%	469	(469)	-100.00%
Miscellaneous	8,166	5.56%	21,172	(13,006)	-61.43%
Total Revenues	\$ 146,932	100.00%	\$ 179,027	\$ (32,095)	-17.93%

Expenditures	FYE 2010 Amount	Percent of Total	FYE 2009 Amount	Increase (Decrease) from FYE 2009	Percent Increase (Decrease)
General government	\$ 58,308	36.05%	\$ 67,124	\$ (8,816)	-13.13%
Police	38,126	23.57%	41,930	(3,804)	-9.07%
Street	49,574	30.65%	51,200	(1,626)	-3.18%
Health and welfare	7,750	4.79%	1,598	6,152	384.98%
Capital outlay	7,988	4.94%	2,655	5,333	200.87%
Total Expenditures	\$ 161,746	100.00%	\$ 164,507	\$ (2,761)	-1.68%

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 amended twice. Amending the budget is a customary practice to reflect changes that occur with financially related matters throughout the year.

The *General Fund* budgeted revenues were amended for decreases in sales tax revenues and franchise taxes, and increased for grants received from the State of Louisiana, reimbursements from FEMA for Hurricane Gustav, proceeds from sale of fixed assets, and revenues from annual Christmas parade. Current expenditures were decreased overall for repairs, maintenance, and supplies not required in operations. Capital Outlays were amended for acquisition of equipment purchased with grants revenues and improvements to buildings.

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.

The *Proprietary - Public Utility Fund* revenues were amended to reflect decreased projections of natural gas consumption charges. Expenses were amended to reflect raises to employees.

Capital Assets

At June 30, 2010 and 2009, the Village had \$2,366,320 and \$2,370,235, respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment.

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 2,000	\$ 2,000	\$ 30,610	\$ 30,610	\$ 32,610	\$ 32,610
Buildings	44,331	44,991	6,469	7,034	50,800	52,025
Improvements other than buildings			3,895	5,275	3,895	5,275
Machinery and equipment	27,507	26,877	11,439	\$ 15,515	38,946	42,392
Furniture and fixtures	1,535	1,511	14	\$ 255		
Vehicles	16,441	22,253	0	\$ 0		
Infrastructure	12,623	13,223				
Utility property			1,306,097	1,315,629	1,306,097	1,315,629
Totals	\$ 104,437	\$ 110,855	\$ 1,358,524	\$ 1,374,318	\$ 1,432,348	\$ 1,447,931

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

- \$ 2,820.48 - Ice machine
- \$ 4,192.50 - Portable scan radio
- \$ 975.00 - Laptop computer
- \$ 8,235.00 - 157 gas meters
- \$ 2,908.50 - Gas line extension - LA 10
- \$ 19,169.82 - Control panel and switch

Further detail on capital assets is presented in Note 5 on page 26.

Economic Factors and Next Year's Budgets and Rates

The budget adopted for the year 2011 only shows a moderate increase to maintain the services provided to the citizens of the Village.

The Village relies heavily on taxes and licenses and permits for the operations of the General Fund (80.27%). Therefore, governmental activities are impacted by the economic growth of the area.

The *Public Utility Systems* shows a negative return of 19.79% on operating revenues which has been a continuing trend over the past few years. The majority of the gas meters have been replaced and should correct the variance between cubic feet of gas purchased against sales.

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 at 113 West Railroad Avenue, Morganza, LA (225) 694-3655, fax (225) 694-2472.

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BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- **Government-wide financial statements**
- **Fund financial statements**
 - **Governmental funds**
 - **Proprietary (enterprise) fund**

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash including time deposits	\$ 124,049	\$ 457,902	\$ 581,951
Accounts receivable (net)	5,148	59,177	64,325
Receivable from other governments	1,752	19,170	20,922
Due from other funds		1,931	1,931
Inventory		7,821	7,821
Total current assets	130,949	546,001	676,950
Noncurrent Assets:			
Restricted cash - customer meter deposits		66,019	66,019
Capital assets (net)	104,437	1,358,524	1,462,961
Total noncurrent assets	104,437	1,424,543	1,528,980
Total Assets	235,386	1,970,544	2,205,930
LIABILITIES			
Current Liabilities:			
Accounts payable	4,612	9,736	14,348
Accrued salaries payable	1,828	1,178	3,006
Payroll deductions and accruals	347	638	985
Due to other funds	1,931		1,931
Due to other governments		71,222	71,222
Total current liabilities	8,718	82,774	91,492
Noncurrent Liabilities:			
Customer meter deposits		66,019	66,019
Total noncurrent liabilities		66,019	66,019
Total Liabilities	8,718	148,793	157,511
NET ASSETS			
Invested in capital assets	104,437	1,358,524	1,462,961
Unrestricted - undesignated	122,231	463,227	585,458
Total Net Assets	\$ 226,668	\$ 1,821,751	\$ 2,048,419

See accompanying notes to the basic financial statements.

**VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF ACTIVITIES
JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 60,292	\$ 30,382			\$ (29,910)
Police	46,896	5,091		\$ 4,968	(36,837)
Streets	53,226	2,398			(50,828)
Health and welfare	7,750	7,293			(457)
Transfer to other government					0
Total governmental activities	168,164	45,164	0	4,968	(118,032)
Business-type activities:					
General and administrative	178,046	14,482			(163,564)
Natural gas	162,299	269,655			107,356
Water	59,776	48,337			(11,439)
Sewer	60,376	71,180			10,804
Bad debts written off	15,288				(15,288)
Total business-type activities	475,785	403,654	0	0	(72,131)
Total	\$ 643,949	\$ 448,818	\$ 0	\$ 4,968	\$ (190,163)

Change in Net Assets:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (118,032)	\$ (72,131)	\$ (190,163)

General revenues:

Taxes:			
Property taxes, net	11,971		11,971
Sales and use taxes	54,503		54,503
Franchise taxes	19,822		19,822
Intergovernmental	6,452	34,765	41,217
Investment income		563	563
Miscellaneous	4,052		4,052
Transfers - internal activity			0
Total general revenues and transfers	96,800	35,328	132,128
Change in net assets	(21,232)	(36,803)	(58,035)
Net assets - beginning	247,900	1,858,554	2,106,454
Net Assets - Ending	\$ 226,668	\$ 1,821,751	\$ 2,048,419

See accompanying notes to the basic financial statements.

**VILLAGE OF MORGANZA, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General Fund	LCDGB Fund	Total Governmental Funds
ASSETS			
Cash	\$ 123,999	\$ 50	\$ 124,049
Accounts receivable (net)	5,148		5,148
Receivable from other governments	1,752		1,752
Total Assets	130,899	50	130,949
LIABILITIES			
Accounts payable	4,612		4,612
Accrued salaries payable	1,828		1,828
Payroll deductions and accruals	347		347
Due to other funds	1,881	50	1,931
Total Liabilities	8,668	50	8,718
FUND BALANCES			
Unreserved, reported in:			
General fund	122,231		122,231
Total Liabilities and Fund Balances	\$ 130,899	\$ 50	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net accumulated depreciation of \$124,482

104,437

Net Assets of Governmental Activities

\$ 226,668

See accompanying notes to the basic financial statements.

VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General Fund	Total Governmental Funds
REVENUES		
Taxes	\$ 86,296	\$ 86,296
Intergovernmental	11,420	11,420
Charges for services	9,691	9,691
Fines and forfeitures	5,091	5,091
Licenses and permits	26,268	26,268
Investment income	0	0
Miscellaneous	8,166	8,166
Total Revenues	146,932	146,932
EXPENDITURES		
Current:		
General government	58,308	58,308
Police	38,126	38,126
Streets	49,574	49,574
Health and welfare	7,750	7,750
Capital outlays:		
Police	5,168	5,168
Streets	2,820	2,820
Total Expenditures	161,746	161,746
Net Change in Fund Balances	(14,814)	(14,814)
Fund Balances - Beginning	137,045	
Fund Balances - Ending	\$ 122,231	
Reconciliation of the change in fund balances – total governmental funds to the change in net assets of governmental activities:		
Net change in fund balances – total governmental funds		
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital asset purchases capitalized		7,988
Depreciation expense		(14,406)
Change in Net Assets of Governmental Activities		\$ (21,232)

See accompanying notes to the basic financial statements.

VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010

	Public Utility Enterprise Fund
ASSETS	
Current Assets:	
Cash, including time deposits	\$ 457,902
Accounts receivable (net)	59,177
Due from state government	19,170
Due from other funds	1,931
Inventory	7,821
Total Current Assets	546,001
Noncurrent Assets:	
Restricted cash - customer meter deposits	66,019
Capital assets (net)	1,358,524
Total Noncurrent Assets	1,424,543
Total Assets	1,970,544
LIABILITIES	
Current Liabilities:	
Accounts payable	9,736
Accrued salaries payable	1,178
Payroll deductions and accruals	638
Due to other governments	71,222
Total Current Liabilities	82,774
Noncurrent Liabilities:	
Customer deposits payable	66,019
Total Noncurrent Liabilities	66,019
Total Liabilities	148,793
NET ASSETS	
Invested in capital assets, net of related debt	1,358,524
Unrestricted	463,227
Total Net Assets	\$ 1,821,751

See accompanying notes to the basic financial statements.

VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

	<u>Public Utilities Enterprise Fund</u>
Operating Revenues	
Charges for services -	
Gas charges	\$ 269,655
Water charges	48,337
Sewer charges	71,180
Penalties	10,133
Miscellaneous	4,349
Total Operating Revenues	<u>403,654</u>
Operating Expenses	
General and administrative	178,046
Natural gas expenses	162,299
Water expenses	59,776
Sewer expenses	60,376
Total Operating Expenses	<u>460,497</u>
Net Operating Loss	<u>(56,843)</u>
Nonoperating Revenue	
Interest earned	563
Bad debts written off	(15,288)
Intergovernmental revenue	34,765
Total Nonoperating Revenue	<u>20,040</u>
Net Loss	(36,803)
Net Assets - Beginning	<u>1,858,554</u>
Net Assets - Ending	<u>\$ 1,821,751</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010**

	<u>Public Utilities Enterprise Fund</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 394,422
Payments to suppliers	(249,593)
Payments to employees and benefits	(141,827)
Net Cash Provided by Operating Activities	<u>3,002</u>
Cash Flows from Non-Operating Activities	
Intergovernmental grant	15,595
Decrease in amount due from General Fund	6,417
Increase in amount due other governments	7,306
Decrease in consumer meter deposits liability	(1,305)
Net Cash Provided by Non-Operating Activities	<u>28,013</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(30,313)
Net Cash Provided by Capital and Related Financing Activities	<u>(30,313)</u>
Cash Flows from Investing Activities	
Interest earned	563
Net Cash Provided by Investing Activities	<u>563</u>
Net Increase in Cash and Cash Equivalents	1,265
Balances - Beginning of Year	522,656
Balances - End of Year	<u>\$ 523,921</u>
Reconciliation of Net Operating Loss to Net Cash Provided by Operating Activities	
Net operating loss	\$ (56,843)
Adjustments to reconcile net operating loss to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	77,107
Bad debts written off	(15,288)
Change in assets and liabilities:	
Receivables	6,056
Inventory	(7,821)
Accounts payable	984
Accrued salaries payable	1,178
Payroll deductions and accruals	(2,371)
Net Cash Provided by Operating Activities	<u>\$ 3,002</u>

See accompanying notes to the basic financial statements.

VILLAGE OF MORGANZA, LA
NOTES TO BASIC FINANCIAL STATEMENTS

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VILLAGE OF MORGANZA, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Village of Morganza, Louisiana (the "Village") was incorporated on March 6, 1908, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The Village provides police protection; streets and drainage maintenance; public improvements; gas, water, and sewer services; and general administration. The Village operates under a Mayor-Board of Aldermen Council form of government. The Mayor and three Council Members are elected at large to serve four year terms. The Mayor is entitled to a per diem of \$350 per month and each Council Member \$200 per month. The Village of Morganza is located in Pointe Coupee Parish with a geographic area of approximately six square miles. The estimated population as of July 1, 1997 was 759. The Village employs six full-time employees. The Village serves 476 gas customers, 331 water customers, and 296 sewer customers; and maintains 20 miles of streets.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification, Section 2100 has been considered and as a result, the financial statements only include the primary government

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

VILLAGE OF MORGANZA, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental fund:

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

The Village reports the following major proprietary fund:

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

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

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this rule are charges between the Village's natural gas, water, and sewer functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Budgets

The Village uses the following budget practices:

- Budgets are prepared for the General Fund and Enterprise Fund on the GAAP Basis and appropriations (unexpended budget balances) lapse at year end.
- A notice of the proposed operating budgets are published and since the budget for the General Fund is less than \$250,000; the Village is required to hold at least one public hearing. Publication of the budget was made after adoption.
- There were two budget amendments made during the fiscal year.

Accounting Estimates

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

VILLAGE OF MORGANZA, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

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), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

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

Accounts Receivable and Bad Debts

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible (allowance method).

Inventories

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

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.

**VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

Compensated Absences

Village employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability. At December 31, 2010, there are no accumulated unpaid vacation and sick leave to be accrued in the financial statements.

Fund Equity and Net Assets

In the government-wide and proprietary fund financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category groups all assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Unrestricted Net Assets - This category represents the net assets of the Village, which are not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, fund balances of governmental funds are classified in one category.

Unreserved undesignated fund balance - indicates that portion of fund equity which is available for appropriation and expenditure in future periods. A deficit will require future funding.

Sales and Use Tax

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

NOTE 3 - 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.

**VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

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 2010:

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

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

The following are the principal taxpayers for the Village and their 2010 assessed valuation:

Taxpayer	Type of Business	Assessed Valuation	Tax Paid
BellSouth Telecommunications, Inc.	Telephone	\$ 96,980	\$ 5,440
Brad Bergeron Custom Homes	Real Estate Rentals	46,840	2,623
Entergy Services, Inc.	Electric	45,570	2,556
Union Pacific Railroad Co.	Railroad	46,640	2,520
Pointe Coupee Electric Membership Corp.	Electric	41,590	2,333
J.J. III & Stephanie B. Ewing	Convenience Store	40,680	2,278
Village One Stop, LLC	Convenience Store	38,500	2,156
LeBlanc's Grocery, LLC	Grocery	32,100	1,797
Joseph C. & Rose V. Bergeron	Real Estate	30,820	1,353
Charter Communications	Cable TV	15,770	883

NOTE 4 - CASH and CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 2010:

Petty cash and cash on hand	\$ 340
Demand deposits	325,162
Louisiana Asset Management Pool	322,468
Total	\$ 647,970

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

At June 30, 2010, the Village has \$331,290 in deposits (collected bank balances). These deposits are secured from risk by \$331,290 of federal deposit insurance.

Cash also consists of \$322,468 in the Louisiana Asset Management Pool (LAMP), a local government investment pool.

**VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

In accordance with GASB Codification Section 150.126, the investment in LAMP at June 30, 2010 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2010 consist of the following:

	Taxes	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 5,148				\$ 5,148
Public Utility Fund		\$ 315,346		\$ (256,169)	59,177
Total	\$ 5,148	\$ 315,346		\$ (256,169)	\$ 64,325

NOTE 6 - DUE FROM OTHER GOVERNMENTS

	General Fund	Public Utility	Total
Louisiana - video poker	\$ 1,223		\$ 1,223
Louisiana - public safety sales tax	528		528
Louisiana - LGAP		\$ 19,170	19,170
Total	\$ 1,751	\$ 19,170	\$ 20,921

NOTE 7 - INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund loans receivable are considered "available spendable resources."

Such balances at June 30, 2010, include Due from (to) are summarized as follows:

Payable From	Receivable To			Totals
	General Fund	LCDBG Fund	Public Utility	
General Fund			\$ 1,881	\$ 1,881
LCDBG Fund			50	50
Total			\$ 1,931	\$ 1,931

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/payables between funds.

**VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	7-1-2009	Additions	Deletions	6-30-2010
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 2,000			\$ 2,000
Total capital assets, not being depreciated	2,000			2,000
Capital assets, being depreciated:				
Buildings	48,588			48,588
Equipment	95,068	\$ 7,013		102,081
Furniture and fixtures	9,085	975		10,060
Vehicles	61,615		\$ (10,426)	51,190
Infrastructure	15,000			15,000
Total capital assets, being depreciated	229,357	7,988	(10,426)	226,919
Less accumulated depreciation for:				
Buildings	3,596	661		4,257
Equipment	68,191	6,383		74,574
Furniture and fixtures	7,575	950		8,525
Vehicles	39,363	5,812	(10,426)	34,749
Infrastructure	1,777	600		2,377
Total accumulated depreciation	120,502	14,405	(10,426)	124,482
Total capital assets, being depreciated, net	108,855	(6,418)	0	102,437
Governmental activities capital assets, net	\$ 110,855	\$ (6,418)	\$ 0	\$ 104,437
	7-1-2009	Additions	Deletions	6-30-2010
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 30,610			\$ 30,610
Total capital assets, not being depreciated	30,610			30,610
Capital assets, being depreciated:				
Buildings	11,291			11,291
Improvements	16,553			16,553
Equipment	53,854			53,854
Furniture and fixtures	6,323			6,323
Vehicles	51,023			51,023
Utility systems	2,581,634	\$ 30,313		2,611,947
Total capital assets, being depreciated	2,720,678	30,313		2,750,991
Less accumulated depreciation for:				
Buildings	4,257	565		4,822
Improvements	11,277	1,381		12,658
Equipment	38,339	4,076		42,415
Furniture and fixtures	6,068	241		6,309
Vehicles	51,023			51,023
Utility systems	1,235,006	70,844		1,305,850
Total accumulated depreciation	1,345,970	77,107		1,423,077
Total capital assets, being depreciated, net	1,343,708	(46,794)		1,327,914
Business-type activities capital assets, net	\$ 1,374,318	\$ (46,794)		\$ 1,358,524

**VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

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

Governmental Activities:	
General government	\$ 1,984
Police	8,770
Streets	3,652
<i>Total depreciation expense - governmental activities</i>	<u>\$ 14,406</u>
 Business-type Activities:	
General and administrative	\$ 6,263
Gas	1,372
Water	31,854
Sewer	37,618
<i>Total depreciation expense - business-type activities</i>	<u>\$ 77,107</u>

NOTE 9 - UTILITY SERVICE AGREEMENT

An agreement between the Solid Waste Disposal System of the Parish of Pointe Coupee and the Village of Morganza provides for the billing of customers on the Village's system. Under the terms of the agreement, the Village retains a \$.75 per customer as a billing fee. The amount owed to the Solid Waste Disposal System as of June 30, 2010 is \$66,277.

An agreement between the Mosquito Abatement District of the Parish of Pointe Coupee and the Village of Morganza provides for the billing of customers on the Village's system. The amount owed to the Mosquito Abatement District as of June 30, 2010 is \$4,945.

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 - PENSION PLAN AND RETIREMENT COMMITMENTS

Social Security and Medicare -

All employees of the Village are members of the Federal Social Security and Medicare System. The total payroll for employees of the Village covered by the System for the year ended June 30, 2010, was \$153,190.

The total contribution to the System is 15.3% of taxable payroll of which the Village and employees contribute 7.65% each. For the year ended June 30, 2010, the Village contributed \$11,719 to the System.

Municipal Employees' Retirement System of Louisiana (System) -

Plan Description: The System is composed of two distinct plans. Plan A and Plant B, with separate assets and benefit provisions. Some employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plant B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their

VILLAGE OF MORGANZA, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925 4810.

Funding Policy: Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Village of Morganza is required to contribute at an actuarially determined rate. The rate was 6.75% of annual covered payroll. The contribution requirements of plan members and the Village of Morganza are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Morganza contributions to the System under Plan B for the years ending June 30, 2010, 2009, and 2008, were \$5,562, \$4,760, and \$5,077, respectively, equal to the required contributions for each year.

NOTE 12 - CONTINGENT LIABILITIES

There is no pending litigation against the Village.

NOTE 13 - RISK MANAGEMENT

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

The Village is currently a member in Louisiana Municipal Risk Management Agency (LMRMA), formed under Louisiana Act No. 462 of 1979 to provide a program of workers' compensation, accident and health, and public liability coverage for its member organizations. In accordance with Revised Statute 33:1341-1350, all local government subdivisions in the State of Louisiana are eligible to participate. The LMRMA Public Liability Fund's general objectives are to formulate, develop, and administer, on behalf of the member local governmental subdivisions, a program of interlocal risk management, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Local governmental subdivisions joining the Fund must be members of the Louisiana Municipal Association; a member may withdraw from the Fund by giving proper notice. Fund underwriting and rate-setting policies have been established by the Board of the Fund after consultation with actuaries. If the assets of the Fund were to be exhausted, members would only be responsible to their respective outstanding claims. The Village participates in the workers' compensation and public liability programs.

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

The Village has contracted with Louisiana Municipal Risk Management Agency to provide liability coverage for general acts, law enforcement, and public officials' errors and omissions. In addition, the Village has contracted with a commercial insurance company to provide liability coverage on vehicles. At June 30, 2010, no significant claims were owed and no liability has been recorded.

**VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 14 - SUBSEQUENT EVENTS

Management for the Village of Morganza has evaluated events or transactions occurring after the balance sheet date through November 15, 2010. Management has resolved to write-off all utility receivables that are determined to be uncollectible.

NOTE 15 - COMPENSATION PAID TO BOARD MEMBERS

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

Mayor	- Salvador J. Tuminello	\$	3,300
Council Members	- John Mitch Langlois		1,840
	- Carmella Guedry		1,840
	- Stephanie Savoy		1,840
		<u>\$</u>	<u>8,820</u>

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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.

State Law requires the Village to amend it's budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the year ended December 31, 2009, actual revenues were 101.34% and actual expenditures were 105.37% of the final adopted budget.

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**VILLAGE OF MORGANZA, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Original Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 101,000	\$ 83,300	\$ 86,296	\$ 2,996
Intergovernmental	8,000	22,272	11,420	(10,852)
Charges for services	5,425	6,400	9,691	3,291
Fines and forfeitures	6,000	3,600	5,091	1,491
Licenses and permits	22,300	21,300	26,268	4,968
Investment income	500			0
Miscellaneous	1,000	8,114	8,166	52
Total Revenues	<u>144,225</u>	<u>144,986</u>	<u>146,932</u>	<u>1,946</u>
EXPENDITURES				
Current:				
General government	60,820	56,732	58,308	(1,576)
Police	45,650	35,412	38,126	(2,714)
Streets	54,400	49,837	49,574	263
Health and welfare	4,900	3,900	7,750	(3,850)
Capital outlays:				
General government				0
Police		5,277	5,168	109
Streets and sidewalks		2,345	2,820	(475)
Total Expenditures	<u>165,770</u>	<u>153,503</u>	<u>161,746</u>	<u>(8,243)</u>
Net Change in Fund Balances	<u>(21,545)</u>	<u>(8,517)</u>	<u>(14,814)</u>	<u>(6,297)</u>
Fund Balances - Beginning	<u>130,509</u>	<u>130,509</u>	<u>137,045</u>	<u>6,536</u>
Fund Balances - Ending	<u>\$ 108,964</u>	<u>\$ 121,992</u>	<u>\$ 122,231</u>	<u>\$ 239</u>

Notes:

1. Budget reflects the Modified Accrual Basis of Accounting
2. Appropriations lapse at year-end
3. Budgeted revenues exceeded actual revenues by 1.34%
4. Actual expenditures exceeded budget by 5.37%

See accompanying notes to the basic financial statements.

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**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

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Certified Public Accountant

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

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

I have audited the financial statements of the governmental activities and the business – type activities, of the Village of Morganza, Louisiana’s as of and for the year ended June 30, 2010, and have issued my report thereon dated November 15, 2010. I have conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described as items 2010-1 and 2010-2 in the accompanying schedule of findings and responses to be material weaknesses.

Compliance and Other Matters

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

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

W. Kathleen Beard

Certified Public Accountant
November 15, 2010

**Village of Morganza, Louisiana
Schedule of Findings and Responses
For the Year Ending June 30, 2010**

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements.
2. Two control deficiencies were disclosed during the audit of the basic financial statements in the report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance were disclosed during the audit of the basic financial statements.
4. Federal funds expended were below the threshold of OMB Circular A-133 audit requirements.

B. Findings - Financial Statement Audit

Internal Control Material Weaknesses

Item 2010-1: Lack of enforcement of Ordinance adopted August 7, 2003 "Customer Billing and Service Policy" setting forth customer account collection policies and procedures.

Criteria: Collection of fees for utility services provided by the Village is crucial to paying utility system expenses, salaries and accumulating funds for future repairs, maintenance and improvements to the system.

Cause: Long-time issues with non-payment of utility bills due to lack of enforcement of collection policy.

Effect: Unusually large accounts receivable and allowance for doubtful account balances due to numerous closed customer accounts with significant outstanding balances. A significant reduction in cash flow impairs the Village's ability to accumulate funds necessary for future maintenance and improvements to the system.

Recommendation: Perform an evaluation of all accounts with past due balances. Based on that evaluation develop a strategy for collection or write-off. Enforce guidelines set forth in the Ordinance "Customer Billing and Service Policy".

Management's Response: Active customers with past due balances are being dealt with in accordance with the ordinance. Closed accounts with balances due are being sent to a collection agency for recovery. We are instituting plans to purge uncollectibles due to death or other causes and we attempt to collect some old accounts with significant balances.

Item 2010-2: Meter Deposits cannot be reconciled to liability or cash account balance.

Criteria: Deposits collected from customers are refundable upon leaving the system, therefore a complete and accurate list of each customer's deposit is necessary.

Cause: An accurate list of customer deposits has not been maintained.

Effect: The amount of a customer's deposit is not definitely known.

Recommendation: Reconstruct deposits for current customers based on the amount of required deposit in effect at the time the customer entered the system. Transfer cash from operating account to meter deposit account to equal the amount of customer deposits. Maintain the list diligently.

Management's Response: The recommendation of the auditor to reconstruct deposits on active customers has been implemented. Beginning July 1, 2010, deposits received from new customers are being accurately maintained.

**Village of Morganza, Louisiana
Resolution of Prior Year Findings
For the Year Ending June 30, 2010**

There were no prior year findings.