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VILLAGE OF MORGANZA, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2001

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 2/20/02

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

MAYOR
Charles Landry

ALDERMEN
John Mitch Langlois, Gas Commissioner
Salvador J. Tuminello, Water & Sewer Commissioner
Carmella Guedry, Tourism & Beautification Commissioner

CITY MANAGER
Mark S. Ramagos

CITY CLERK
Diane Grantham

CHIEF OF POLICE
Carl K. Landry

MEETING DATE
1st Thursday of Every Month
7:00 PM - Town Hall

**VILLAGE OF MORGANZA, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2001
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George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT

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OFFICERS ASSOCIATION

INDEPENDENT AUDITOR'S REPORT

**The Honorable Charles Landry, Mayor
and Members of the Board of Aldermen
Village of Morganza, Louisiana**

I have audited the accompanying general-purpose financial statements of the **VILLAGE OF MORGANZA, LOUISIANA**, as of and for the year ended June 30, 2001, as listed in the Table of Contents. These general-purpose financial statements are the responsibility of the management for the Village of Morganza, Louisiana. My responsibility is to express an opinion on these general-purposes financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Morganza, Louisiana, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type 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 my report dated January 25, 2002, on my consideration of the Village of Morganza, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

George F. Delaune, CPA

January 25, 2002

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GENERAL PURPOSE FINANCIAL STATEMENTS

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VILLAGE OF MORGANZA, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
JUNE 30, 2001

	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Account Group</u>	<u>Totals Memorandum Only</u>
	<u>General</u>	<u>Enterprise</u>	<u>General Fixed Assets</u>	
ASSETS				
Cash	\$ 20,084	\$ 276,055		\$ 296,139
Investments		200,000		200,000
Receivables -				
Taxes - franchise	5,067			5,067
Utility billings		145,426		145,426
Due from General Fund		15,628		15,628
Due from other governmental units -				
Louisiana - beer taxes	374			374
Louisiana - video poker	1,176			1,176
Louisiana - public safety (sales tax)	664			664
Louisiana - transportation (grass cutting)	1,934			1,934
Prepaid expenses		2,938		2,938
Property, Plant and Equipment -				
At cost		2,153,823	\$ 151,876	2,305,699
Accumulated depreciation		(767,272)		(767,272)
TOTAL ASSETS	<u>\$ 29,299</u>	<u>\$ 2,026,598</u>	<u>\$ 151,876</u>	<u>\$ 2,207,773</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 4,246	\$ 14,836		\$ 19,082
Accrued liabilities -				
Salaries	560			560
Payroll deductions	1,578	2,026		3,604
Due to Public Utility Fund	15,628			15,628
Due to other governmental units -				
P.C. Parish - Solid Waste System		36,449		36,449
Consumer deposits		39,486		39,486
Total Liabilities	<u>22,012</u>	<u>92,797</u>		<u>114,809</u>
Fund Equity:				
Contributed capital		1,567,793		1,567,793
Investment in general fixed assets			\$ 151,876	151,876
Retained earnings - unreserved		366,007		366,007
Fund balance - unreserved/undesignated	7,287			7,287
Total Fund Equity	<u>7,287</u>	<u>1,933,800</u>	<u>151,876</u>	<u>2,092,963</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 29,299</u>	<u>\$ 2,026,597</u>	<u>\$ 151,876</u>	<u>\$ 2,207,772</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001
With Comparative Total for 2000

	<u>2001</u>	<u>2000</u>
Revenues:		
Taxes	\$ 69,311	\$ 63,720
Licenses and permits	16,954	19,195
Intergovernmental revenue	13,941	22,621
Fines and forfeitures	30,389	9,005
Miscellaneous revenues	<u>21,865</u>	<u>6,155</u>
 Total Revenues	 <u>152,460</u>	 <u>120,696</u>
 Expenditures:		
Current operations		
Salaries and benefits	77,396	78,059
Purchased professional services	2,915	1,575
Utilities	10,082	9,333
Other purchased services	23,328	17,491
Repairs, maintenance and supplies	30,627	22,482
Capital outlays	<u>21,494</u>	<u>11,864</u>
 Total Expenditures	 <u>165,842</u>	 <u>140,804</u>
 Excess Revenues (Expenditures)	 (13,382)	 (20,108)
 Operating Transfers:		
From Public Utility Fund	<u></u>	<u>20,641</u>
 Excess Revenues and Transfers (Expenditures)	 (13,382)	 533
 Fund Balance - July 1	 <u>21,797</u>	 <u>21,264</u>
 FUND BALANCE - June 30	 <u><u>\$ 8,415</u></u>	 <u><u>\$ 21,797</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL [GAAP BASIS] - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2001

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 63,800	\$ 69,311	\$ 5,511
Licenses and permits	14,200	16,954	2,754
Intergovernmental revenues	13,400	13,941	541
Fines and forfeitures	28,700	30,389	1,689
Miscellaneous revenues	5,784	21,865	16,081
 Total Revenues	 <u>125,884</u>	 <u>152,460</u>	 <u>26,576</u>
Expenditures:			
Current Operations:			
General government	43,579	39,439	4,140
Police department	58,365	57,283	1,082
Street department	45,996	48,755	(2,759)
Capital Outlays:			
General government	2,033	2,005	28
Police department	3,416	4,895	(1,479)
Street department	14,594	14,594	
 Total Expenditures	 <u>167,983</u>	 <u>166,971</u>	 <u>1,012</u>
 Excess Revenues (Expenditures)	 (42,099)	 (14,511)	 27,588
 Operating Transfers:			
From Public Utility	21,282		21,282
 Excess Revenues and Transfers (Expenditures)	 (20,817)	 (14,511)	 48,870
 Fund Balance - July 1	 <u>21,797</u>	 <u>21,797</u>	
 FUND BALANCE - June 30	 <u>\$ 980</u>	 <u>\$ 7,286</u>	 <u>\$ 48,870</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE (ENTERPRISE FUND)
FOR THE YEAR ENDED JUNE 30, 2001
With Comparative Total for 2000

	<u>2001</u>	<u>2000</u>
Operating Revenues:		
Charges for services	\$ 396,572	\$ 233,567
Customer service charges	1,452	150
Penalty charges	<u>7,882</u>	<u>3,007</u>
 Total Operating Revenues	 <u>405,906</u>	 <u>236,724</u>
 Operating Expenses:		
General and administrative	105,152	81,665
Natural gas department	283,129	90,904
Water department	40,986	45,674
Sewer department	<u>63,924</u>	<u>59,624</u>
 Total Operating Expenses	 <u>493,191</u>	 <u>277,867</u>
 Operating Income	 <u>(87,285)</u>	 <u>(41,143)</u>
 Non-operating Revenues (Expenses):		
Utility billing fee	2,996	3,123
Interest earned	15,296	15,008
Rural development grant	14,875	4,563
Sale of fixed assets	<u>5,100</u>	<u>5,100</u>
 Total Non-operating Revenues (Expenses)	 <u>33,167</u>	 <u>27,794</u>
 Income (Loss) Before Operating Transfers	 (54,118)	 (13,349)
 Other Financing (Uses):		
Operating transfers out	<u> </u>	<u>(20,641)</u>
 Net Income (LOSS)	 (54,118)	 (33,990)
 Retained Earnings - July 1	 <u>420,125</u>	 <u>454,115</u>
 RETAINED EARNINGS - June 30	 <u><u>\$ 366,007</u></u>	 <u><u>\$ 420,125</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE (ENTERPRISE FUND)
FOR THE YEAR ENDED JUNE 30, 2001
With Comparative Total for 2000

	<u>2001</u>	<u>2000</u>
Cash Flows from Operating Activities:		
Operating income	\$ (87,285)	\$ (41,143)
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	76,156	69,330
Utility billing fee	2,996	3,123
Bad debts written off	14,875	
Changes in assets and liabilities -		
Decrease (increase) in investments		
Decrease (increase) in receivables	(29,832)	(9,125)
Decrease (increase) in due from General Fund	(6,281)	(3,215)
Decrease (increase) in prepaid insurance	2,166	(1,663)
Increase (decrease) in accounts payable	(362)	9,671
Increase (decrease) in accrued salaries		(963)
Increase (decrease) in payroll deductions	334	347
Increase (decrease) in due to Pointe Coupee Solid Waste System	(1,576)	1,384
Increase (decrease) in consumer meter deposit liability	2,720	3,215
Net Cash Provided by (Used for) Operating Activities	<u>(26,089)</u>	<u>30,961</u>
Cash Flows from Non-Capital Financing Activities:		
Operating transfers out		<u>(20,641)</u>
Net Cash (Used for) Non-Capital Financing Activities		<u>(20,641)</u>
Cash Flows from Capital and Related Financing Activities:		
Contributed from LCDBG funding		4,525
Acquisition of capital assets from LCDBG funding		(4,525)
Grant - Rural Development	14,875	4,563
Proceeds from sale of fixed assets		5,100
Acquisition of capital assets	<u>(17,510)</u>	<u>(38,145)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(2,635)</u>	<u>(28,482)</u>
Cash Flows from Investing Activities:		
Interest earned	<u>15,296</u>	<u>15,008</u>
Net Cash Provided from Investing Activities	<u>15,296</u>	<u>15,008</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,428)	(3,154)
Cash and Cash Equivalents at July 1	<u>304,208</u>	<u>307,362</u>
CASH AND CASH EQUIVALENTS AT June 30	<u><u>\$ 290,780</u></u>	<u><u>\$ 304,208</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - THE 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 \$200 per month and each Council Member \$120 for each meeting attended. 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 501 gas customers, 323 water customers, and 298 sewer customers; and maintains 20 miles of streets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Morganza 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. This criteria include:

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

As required by generally accepted accounting principles, since the Village has no component units, these financial statements present the primary government of the Village of Morganza.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Other Organizations

The municipality may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as [a] related organizations, [b] joint ventures and jointly governed organizations, and [c] component units of another government with characteristics of a joint venture or jointly governed organization.

Considered in the determination of component units of the reporting entity were the Pointe Coupee Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for the 18th Judicial District. It was determined that these governmental entities are not component units of the Village of Morganza reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Village of Morganza.

Also, excluded from the reporting entity:

Fire Protection District No. 2 of the Parish of Pointe Coupee, Louisiana

This potential component unit has a separate board appointed jointly by the area governments' governing bodies. It provides services to residents, within the geographic boundaries of the government and other areas adjacent to it. This unit is excluded from the reporting entity because the government does not have the ability to exercise influence or control over its daily operations, approve budgets or provide funding.

Fund Accounting

The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund -- the general operating fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds.

Capital Projects Fund — account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Enterprise Fund -- account for operations (a) 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, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting,

Revenues:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Consequently, the Village recognizes revenues as follows:

1. Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are due and payable. 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 15 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.
2. Sales and use tax revenues are recorded in the month they are received by the centralized parish sales tax collector.
3. Federal and state grants and reimbursements are recorded when the Village is entitled to the funds. Where grant revenue is dependent upon expenditures by the Village, revenue is recognized when the related expenditures are incurred.
4. Fines, forfeitures, and court costs are recorded in the year they are received by the Village or parish tax collector.
5. Fees, charges and commissions are recognized as revenue in the month in which they are earned and billed.
6. Substantially all other revenues are recorded when received by the Village.

Expenditures:

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Other Financing Sources (Uses):

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). Transfers are recorded when the funds are actually transferred.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

Incumbrances

The Village does not follow the encumbrance method of accounting.

Budgets

The Village uses the following budget practices:

1. Budgets are prepared for the General Fund and Enterprise Fund on the GAAP Basis and appropriations (unexpended budget balances) lapse at year end.
2. 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.
3. There were no budget amendments; consequently, the financial statements present the original budgets.

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

The Village uses the direct charge-off method whereby uncollectible amounts due from ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Inventories

Inventories for supplies are immaterial and are recorded as expenditures when purchased.

General Fixed Assets

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Asset Group of Accounts rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, streets, drainage system, and lighting systems, are not capitalized with other fixed assets. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

Property, Plant and Equipment - Proprietary Fund

Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on depreciable property using the straight-line method. Estimated useful lives are as follows:

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

Compensated Absences

Accumulated unpaid vacation and sick leave is accrued when incurred in proprietary funds. The amount of accumulated vacation and sick leave recorded in the governmental funds is that amount, adjusted to current salary costs, which is expected to be liquidated with expendable available financial resources. Only the current portion is reflected in the funds. The remainder of the liability is reported in the General Long-Term Debt Account Group. The guidelines of GASB Codification Section C60 were applied in determining the liability for both governmental and proprietary funds.

Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

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.

Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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.

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 2000:

<u>Fund</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Fund	7.00	6.54	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.

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following are the principal taxpayers for the Village and their 2000 assessed valuation:

Taxpayer	Type of Business	Assessed Valuation	Tax Paid
Regions Bank of Louisiana	Banking	\$198,435	\$11,825
BellSouth Telecommunications, Inc.	Telephone	102,560	6,109
Entergy Services, Inc.	Electric	38,260	2,279
Pointe Coupee Electric Membership Corp.	Electric	36,808	2,193
Joseph J. III & Stephanie B. Ewing	Various	26,320	1,565
Union Pacific Railroad Co.	Railroad	24,120	1,351
Joseph C. & Rose V. Bergeron	Various	28,850	1,319
H. M. & W. Super Mart	Grocery	20,100	1,195
Guaranty Bank & Trust Company	Banking	17,950	1,068
Renaissance Media Group LLC	Cable TV	13,870	825

NOTE 4 - CASH and CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 2001:

Demand deposits	\$ 150
Interest-bearing demand deposits	125,596
LAMP	170,234
Total	<u>\$ 295,980</u>

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, 2001, the Village has \$129,172 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$293,996 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

In accordance with GASB Codification Section 150.165, the investment in LAMP at June 30, 2001, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a Board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises, or instrumentalities, as well as repur-

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

chase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

NOTE 5 - INVESTMENTS

The following is a summary of investments at June 30, 2001:

	<u>Cost</u>	<u>Market Value</u>
Certificate of Deposit - Regions Bank of Louisiana	<u>\$ 200,000</u>	<u>\$ 200,000</u>

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, 2001, these deposits are secured from risk by \$200,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 6 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>7-1-2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-2001</u>
Land	\$ 2,000			\$ 2,000
Buildings	35,375			35,375
Equipment	102,757	\$ 21,494	\$ (9,750)	114,501
	<u>\$ 140,132</u>	<u>\$ 21,494</u>	<u>\$ (9,750)</u>	<u>\$ 151,876</u>

VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

A summary of changes in proprietary property, plant and equipment follows:

	7-1-2000	Additions	Deletions	6-30-2001
Land	\$ 12,610			\$ 12,610
Machinery and equipment	23,688	\$ 17,510		41,198
Furniture and office equipment	11,570			11,570
Vehicles	47,911			47,911
Natural gas system	214,029			214,029
Water system	690,823			690,823
Sewer system	1,135,682			1,135,682
	2,136,313	\$ 17,510		2,153,823
Accumulated depreciation	(691,116)	\$ (76,156)		(767,272)
	<u>\$ 1,445,197</u>			<u>\$ 1,386,551</u>

NOTE 7 - 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. This billing agreement went into effect for the month of October 1985. 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, 2001 is \$36,449.

NOTE 8 - 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 9 - 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, 2001, was \$120,566.

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, 2001, the Village contributed \$9,223 to the System.

NOTE 10 - CONTINGENT LIABILITIES

There is no pending litigation against the Village.

**VILLAGE OF MORGANZA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

NOTE 11 - COMPENSATION PAID TO BOARD MEMBERS

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

Mayor	- Charles Landry	\$ 2,400
Council Members	- John Mitch Langlois	1,440
	- Salvador J. Tuminello	1,440
	- Carmella Guedry	1,440
		<hr/>
		\$ 6,720

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SUPPLEMENTAL DATA

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VILLAGE OF MORGANZA, LOUISIANA
SCHEDULE OF REVENUES
BUDGET AND ACTUAL [GAAP BASIS] - GOVERNMENTAL FUND TYPE (GENERAL FUND)
FOR THE YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes:			
General property	\$ 10,200	\$ 10,300	\$ 100
Sales	36,000	39,910	3,910
Electric franchise	13,400	14,637	1,237
Cable TV franchise	4,200	4,464	264
Total Taxes	<u>\$ 63,800</u>	<u>\$ 69,311</u>	<u>\$ 5,511</u>
Licenses and Permits:			
Occupational - businesses	\$ 3,500	\$ 3,615	\$ 115
Occupational - insurance	10,000	12,589	2,589
Liquor and beer permits	700	750	50
Total Licenses and Permits	<u>\$ 14,200</u>	<u>\$ 16,954</u>	<u>\$ 2,754</u>
Intergovernmental Revenues:			
Grant - La Comm on Law Enforcement	\$ 1,800	\$ 2,851	\$ 1,051
Grant - La Police Supplemental pay	3,600	3,600	
La - Beer taxes	2,000	1,642	(358)
La - Video poker	6,000	5,848	(152)
Total Intergovernmental Revenues	<u>\$ 13,400</u>	<u>\$ 13,941</u>	<u>\$ 541</u>
Fines and Forfeitures:			
Traffic fines	\$ 28,700	\$ 30,389	\$ 1,689
Miscellaneous Revenues:			
LDOTD grass contract	\$ 1,934	\$ 1,934	
Interest earned	800	16,127	\$ 15,327
Other	3,050	3,804	754
Total Miscellaneous Revenues	<u>\$ 5,784</u>	<u>\$ 21,865</u>	<u>\$ 16,081</u>

VILLAGE OF MORGANZA, LOUISIANA
SCHEDULE OF CURRENT OPERATING EXPENDITURES
BUDGET AND ACTUAL [GAAP BASIS] - GOVERNMENTAL FUND TYPE (GENERAL FUND)
FOR THE YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government -			
Salaries and Benefits -			
Mayor's per diem	\$ 2,400	\$ 2,400	
Council members' per diem	4,320	4,320	
Salaries - janitor	1,200	1,138	\$ 62
Group insurance	1,000	1,278	(278)
Unemployment compensation	10		10
Workers compensation	100		100
Social security and medicare	600	576	24
Uniform expense	150		150
Purchased Professional Services -			
Professional fees - legal	500	100	400
Professional fees - assessor	445	445	
Professional fees - auditor	1,500	1,500	
Professional fees - accountant	1,500	870	630
Conventions and conferences	200	357	(157)
Utilities -			
Electricity	2,300	2,365	(65)
Natural gas	560	575	(15)
Other Purchased Services -			
Insurance - fire	1,569	1,569	
Insurance - liability	4,102	2,138	1,964
Insurance - bonds	223	223	
Telephone	3,300	3,173	127
Paging system	800	672	128
Publishing and recording	900	570	330
Dues	400	382	18
Subscriptions	100		100
Tourism and promotion	1,000	1,590	(590)
Repairs, Maintenance and Supplies -			
Buildings	1,700	1,502	198
Janitorial and other supplies	600	471	129
Equipment maintenance	3,400	577	2,823
Beautification program	3,000	4,005	(1,005)
Office supplies	2,300	2,349	(49)
Miscellaneous supplies	3,400	4,294	(894)
Total General Government	<u>\$ 43,579</u>	<u>\$ 39,439</u>	<u>\$ 4,140</u>

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Police Department -			
Salaries and Benefits -			
Salary - chief	\$ 2,076	\$ 2,076	
Salary - auxiliary	29,500	26,428	\$ 3,072
Salary - police supplemental pay	3,600	3,600	
Group insurance	4,400	2,930	1,470
Unemployment compensation	10	10	
Workers compensation	2,500	1,912	588
Social security and medicare	2,300	2,382	(82)
Uniform expense	1,000	936	64
Other Purchased Services -			
Insurance - liability	4,386	4,307	79
Insurance - vehicles and equipment	1,383	4,318	(2,935)
Telephone	900	1,095	(195)
Fees - law enforcement	1,100	1,179	(79)
Repairs, Maintenance and Supplies -			
Vehicles - gas and oil	2,300	2,274	26
Vehicle - maintenance	400		400
Police supplies	1,700	2,041	(341)
Radios and equipment	200	1,278	(1,078)
Miscellaneous supplies	610	527	83
Total Police Department	<u>\$ 58,365</u>	<u>\$ 57,283</u>	<u>\$ 1,082</u>
Street Department -			
Salaries and Benefits -			
Salary - laborers	\$ 19,000	\$ 19,593	\$ (593)
Group insurance	2,000	2,979	(979)
Unemployment compensation	10	10	
Workers compensation	3,000	3,349	(349)
Social security and medicare	1,500	1,499	1
Utilities -			
Street lighting	7,200	7,142	58
Dumpster	1,050	1,129	(79)
Other Purchased Services -			
Insurance - liability	984	1,755	(771)
Insurance - vehicles and equipment	302		302
Repairs, Maintenance and Supplies -			
Maintenance of streets and culverts	750	466	284
Vehicle - gas and oil	2,300	2,304	(4)
Vehicle - maintenance	1,050	1,019	31
Tractor - gas and oil	600	793	(193)
Tractor - maintenance	2,200	2,072	128
Small tools and supplies	3,000	3,562	(562)
Miscellaneous supplies	1,050	1,093	(43)
Total Street Department	<u>\$ 45,996</u>	<u>\$ 48,755</u>	<u>\$ (2,759)</u>

**VILLAGE OF MORGANZA, LOUISIANA
SCHEDULE OF OPERATING EXPENSES
PROPRIETARY FUND TYPE (ENTERPRISE FUND)
FOR THE YEAR ENDED JUNE 30, 2001
With Comparative Total for 2000**

	<u>2001</u>	<u>2000</u>
General and Administrative -		
Salaries and Benefits -		
Salary - superintendent	\$ 28,952	\$ 27,891
Salary - laborers	8,605	
Salary - clerk	14,976	14,376
Salary - office	10,387	7,765
Group insurance	5,509	4,828
Unemployment compensation	27	101
Workers compensation	1,279	1,028
Social security and medicare	3,845	4,155
Purchased Professional Services -		
Professional fees - auditor	1,500	1,500
Professional fees - other	990	240
Other Purchased Services -		
Insurance	3,221	4,294
Telephone and paging	474	13
Printing	176	175
Continuing education	2,400	1,122
Dues	275	270
Repairs, Maintenance and Supplies -		
Vehicle - gas and oil	1,489	1,331
Truck maintenance	1,581	679
Equipment maintenance	200	386
Trencher maintenance	410	523
Office supplies	2,162	934
Postage	2,089	1,597
Miscellaneous	1,256	630
Depreciation	<u>13,349</u>	<u>7,827</u>
Total General and Administrative	<u>\$ 105,152</u>	<u>\$ 81,665</u>
Natural Gas Department -		
Purchased Professional Services -		
Cathodic protection survey	\$ 1,486	\$ 4,074
Safety and odorization		470
Leakage survey	740	
Drug testing	337	263
Utilities -		
Rectifier units	891	743
Other Purchased Services -		
Insurance	1,271	1,610
Repairs, Maintenance and Supplies -		
Natural gas purchases	262,403	74,996
Maintenance of meters	5,839	2,195
Maintenance of lines	3,796	4,393
Severance tax	435	
Small tools and supplies	844	826
Captan	1,071	
Miscellaneous	1	
Depreciation	<u>4,015</u>	<u>4,055</u>
Total Natural Gas Department	<u>\$ 283,129</u>	<u>\$ 93,625</u>

	<u>2001</u>	<u>2000</u>
Water Department -		
Utilities -		
Current used in pumping	\$ 3,638	\$ 5,218
Other Purchased Services -		
Insurance	867	1,098
Dues		21
Safe drinking water fee	1,109	
Repairs, Maintenance and Supplies -		
Maintenance of pump house and plant	1,619	110
Maintenance of sewer plant		2,309
Maintenance of pumping equipment		125
Maintenance of lines	2,188	1,414
Maintenance of water tower	925	36
Maintenance of chlorinator		370
Maintenance of generator		4,657
Monthly lease on monitor	3,420	3,420
Small tools and supplies	112	770
Chlorine	2,160	1,841
Miscellaneous	98	779
Depreciation	<u>24,850</u>	<u>23,506</u>
Total Water Department	<u>\$ 40,986</u>	<u>\$ 45,674</u>
Sewer Department -		
Purchased Professional Services -		
Compliance tests	\$ 1,490	\$ 1,395
Utilities -		
Current used in pumping	7,674	5,226
Repairs, Maintenance and Supplies -		
Maintenance of oxidation pond	11,900	9,350
Maintenance of lines	(205)	580
Small tools and supplies	37	203
Chlorine	9,086	8,928
Depreciation	<u>33,942</u>	<u>33,942</u>
Total Sewer Department	<u>\$ 63,924</u>	<u>\$ 59,624</u>

George F. Delaune

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OFFICERS ASSOCIATION

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

The Honorable Charles Landry
and the Board of Aldermen
Village of Morganza, Louisiana

I have audited the general-purpose financial statements of the VILLAGE OF MORGANZA, LOUISIANA, as of and for the year ended June 30, 2001, and have issued my report thereon dated January 25, 2002. 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, and the *Louisiana Governmental Audit Guide*.

Compliance

As part of obtaining reasonable assurance about whether the Village of Morganza, Louisiana's general purpose 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and the provisions of the *Louisiana Governmental Audit Guide* which is described in the accompanying schedule of findings and questioned costs as item 2001-1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Village of Morganza, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a

condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of management, the Town Council, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George F. Delaune, CPA

January 25, 2002

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**VILLAGE OF MORGANZA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001**

Section I - Summary of Auditor's Reports

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Village of Morganza.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements.
3. One instance of noncompliance deemed immaterial to the general purpose financial statements of the Village of Morganza was disclosed during the audit.
4. There were no federal award programs administered covered by the audit.

Section II - Financial Statement Findings

Noncompliance Condition

2001-1: Audit Report Not Submitted in Accordance with LRS 24:513

Cause -

Due to medical problems, the auditor was not able to maintain his schedule to complete his load of audits performed from July 1, 2001 to December 31, 2001.

Management's Response -

I have explained to management that this delay could not be controlled and that subsequent audits will be planned appropriately to ensure completion within six months of the close of the fiscal year. Management is satisfied that every effort to complete the audit within the time stated in the Louisiana Revised Statutes will be adhered to.