

**VILLAGE OF MONTPELIER, LOUISIANA**

**REPORT ON COMPILATION OF  
BASIC FINANCIAL STATEMENTS  
AND  
REPORT ON APPLYING AGREED UPON PROCEDURES  
INCLUDING THE LOUISIANA ATTESTATION QUESTIONNAIRE**

**YEAR ENDED JUNE 30, 2004**

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 2-2-05

Village of Montpelier, Louisiana  
Year Ended June 30, 2004  
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Village of Montpelier, Louisiana  
Year Ended June 30, 2004  
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# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
HAMMOND, LA • AMITE, LA

John N. Durnin, CPA  
Dennis E. James, CPA

Member  
American Institute of CPA's  
Society of Louisiana CPA's

October 30, 2004

Accountant's Compilation Report on the  
Financial Statements

The Honorable Bryan E. Dykes, Mayor  
and Members of the Board of Aldermen  
Village of Montpelier, Louisiana

We have compiled the accompanying basic financial statements of the Village of Montpelier, Louisiana as of June 30, 2004, and for the year then ended, as listed in the table of contents, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the Village of Montpelier, Louisiana. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The information included in the accompanying Schedule 1 is presented only for supplementary analysis purposes. Such information has been compiled from information that is the representation of the Village of Montpelier, Louisiana, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Respectfully submitted,



Durnin & James, CPAs  
(A Professional Corporation)

**Required Supplemental Information (Part I)**

**Management's Discussion and Analysis**

Village of Montpelier, Louisiana  
Management's Discussion and Analysis  
June 30, 2004

As management of the Village of Montpelier, Louisiana (The "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village, for the fiscal year ended June 30, 2004. This management discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of Village finances. It is also intended to provide readers with an analysis of the Village's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

This is the first year that the Village has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement Number 34. Because this new reporting model changes significantly not only the presentation of financial data, but also the manner in which the information is recorded, prior year comparative information for this reporting period's MD&A has not been included. The omission of this comparative information is unavoidable and unfortunately puts the reader in a less than desirable position. In preparing the information summarized below, we have tried to keep in mind this disadvantage by expanding on the narrative with our opinion of the changes from one year to the next.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's basic financial statements consist of the following components:

1. Government-wide financial statements,
  2. Fund financial statements
  3. Notes to the financial statements, and
  4. Other Supplemental Information
- 
1. Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

Village of Montpelier, Louisiana  
Management's Discussion and Analysis (Continued)  
June 30, 2004

- A. The *statement of net assets* presents information on all of the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in fund net assets may serve as a useful indicator of whether the financial position of the Village is improving or weakening.
  
- B. The *statement of activities* presents information showing how the government's fund 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 (e.g., uncollected taxes).

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the Village into:

*Governmental Activities* that are principally supported by taxes and intergovernmental revenues, and

*Business-Type Activities* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

**Government-Wide Financial Analysis**

As noted earlier, fund net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Village's fund net assets for the current year. For more detailed information, see the Statement of Net Assets on Exhibit A of this report.

Village of Montpelier, Louisiana  
Management's Discussion and Analysis (Continued)  
June 30, 2004

	Governmental Activities 2004	Business-Type Activities 2004	Total 2004
<b>Assets:</b>			
Current and Other Assets	\$ 4,226	\$ 211,077	\$ 215,303
Capital Assets	43,437	262,914	306,351
Total Assets	<u>\$ 47,663</u>	<u>\$ 473,991</u>	<u>\$ 521,654</u>
<b>Liabilities:</b>			
Other Liabilities	\$ 14,000	\$ 19,949	\$ 33,949
Total Liabilities	<u>\$ 14,000</u>	<u>\$ 19,949</u>	<u>\$ 33,949</u>
<b>Net Assets:</b>			
Invested in Capital Assets, (Net of Related Debt)	\$ 43,437	\$ 262,914	\$ 306,351
Unrestricted	(9,774)	191,128	181,354
Total Net Assets	<u>\$ 33,663</u>	<u>\$ 454,042</u>	<u>\$ 487,705</u>

The Village assets exceeded its liabilities at the close of the most recent fiscal year by \$487,705 (*net assets*). Of this amount, \$487,705 is unrestricted net assets. The Village's net assets are comprised of \$33,663 from Governmental Activities and \$454,042 from Business-Type Activities as shown on Exhibit A of this report.

By far the largest portion of the Village's net assets reflects its investment in capital assets (e.g., land, buildings, machinery & equipment, vehicles, Village infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of fund net assets may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village is unable to report positive balances in both categories of fund net assets. Unrestricted net assets are negative (\$9,774), and investment in capital assets is positive \$43,437. However, the Village is able to report a positive fund balance for its separate business-type activities.

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Town's activities for the current year. An analysis of

Village of Montpelier, Louisiana  
Management's Discussion and Analysis (Continued)  
June 30, 2004

the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on Exhibit B of this report.

	Governmental Activities <u>2004</u>	Business-Type Activities <u>2004</u>	Total <u>2004</u>
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ 694	\$ 79,604	\$ 80,298
General Revenues:			
Taxes, Licences, and Permits	14,553	-	14,553
Interest Income	50	2,511	2,561
Miscellaneous	<u>223</u>	<u>4,073</u>	<u>4,296</u>
Total Revenues	\$ 15,520	\$ 86,188	\$ 101,708
<b>Expenses:</b>			
General Government	\$ 33,087	\$ -	\$ 33,087
Public Safety - Police	8,316	-	8,316
Public Safety - Fire	3,513	-	3,513
Gas & Water	<u>-</u>	<u>84,777</u>	<u>84,777</u>
Total Expenses	\$ 44,916	\$ 84,777	\$ 129,693
<b>Change in Net Assets Before</b>			
Transfers	\$ (29,396)	\$ 1,411	\$ (27,985)
Transfers	<u>18,672</u>	<u>(18,672)</u>	<u>-</u>
Change in Net Assets	\$ (10,724)	\$ (17,261)	\$ (27,985)
Net Assets, Beginning	<u>\$ 44,387</u>	<u>\$ 471,303</u>	<u>\$ 515,690</u>
Net Assets, Ending	<u>\$ 33,663</u>	<u>\$ 454,042</u>	<u>\$ 487,705</u>

**Governmental Activities**

The Village's governmental net assets decreased by \$10,724 to \$33,663. The overall decrease in net assets is due primarily relatively low levels of revenues and high levels of expenses.

Taxes, licenses and permits are the largest revenue source for the Village comprising 94% of total governmental revenue.

Program revenues are the second largest revenue source for the Village comprising 5% of governmental revenue.

Village of Montpelier, Louisiana  
Management's Discussion and Analysis (Continued)  
June 30, 2004

Governmental revenues are those available for the Village to use to pay for the activities described above. The following chart shows the Village's governmental revenues:

	Amount	Percentage
Charges for Services	694	4.47%
Taxes, Licences, and Permits	14,553	93.77%
Interest Income	50	0.32%
Miscellaneous	223	1.44%
	15,520	100%

The governmental activities of the Village include general government, and public safety. Major revenues include taxes, licenses, and permits.

Here we show the Village's expenditures related to those functions typically associated with governments. In the chart above, general government includes the following departments: legislative (Board of Aldermen), judicial, executive, financial, building, and other general administration. Public safety encompasses the police and fire departments.

	Amount	Percentage
General Government	33,087	73.66%
Public Safety - Police	8,316	18.51%
Public Safety - Fire	3,513	7.83%
	44,916	100%

**Business-Type Activities**

The Business-Type Activities of the Village are those that 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 gas and water departments are reported here.

2. **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. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Village of Montpelier, Louisiana  
Management's Discussion and Analysis (Continued)  
June 30, 2004

- A. Governmental funds are used to account for most of the Village's basic services reported as governmental activities in the government-wide financial statements. However, unlike the *government-wide financial statements*, *governmental fund financial statements* focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on Exhibits C-1 and D-1.

The Village maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. There are no non-major governmental funds. The basic governmental fund financial statements can be found on Exhibits C & D of this report.

#### **Financial Analysis of the Governmental Fund**

The general fund is the chief operating fund of the Village. As of the end of the current fiscal year, the Village's general fund reported ending fund balances of (\$9,774), all of which was unreserved.

- B. Proprietary funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for its Gas and Water department. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Gas and Water department, which is considered to be a major fund of the Village. The basic proprietary fund financial statements can be found on Exhibits E, F, & G of this report.

Village of Montpelier, Louisiana  
Management's Discussion and Analysis (Continued)  
June 30, 2004

3. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

4. Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning on Schedule 1 of this report.

- A. Budgetary Comparison Schedule – The Village adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This statement is located on Schedule 1.
- B. Analysis of Significant Budget Variances in the General Fund:
  - 1. Revenues:
    - a. There was an estimated \$15,000 street overlay grant that was never received.

**Supplemental Information**

- A. Additional Schedules for the Proprietary Fund Type including Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and Statement of Cash Flows for the Gas and Water Utility System are included on Exhibits E, F, and G.
- B. Other Supplementary Schedules follow, starting on Schedule 1.

**Capital Asset and Debt Administration**

A. Capital Assets

The Village's investment in capital assets for its governmental and business type activities as of June 30, 2004 amounts to \$306,351 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, highways, and bridges.

B. Long-Term Debt

At the end of the current fiscal year, the Village had no long-term debt outstanding.

Village of Montpelier, Louisiana  
Management's Discussion and Analysis (Continued)  
June 30, 2004

**Requests for Information**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mrs. Maxine Ard, 36400 Hwy. 16, Montpelier, Louisiana 70422.

**Basic Financial Statements**

Village of Montpelier, Louisiana  
 Combined Statement of Net Assets – All Fund Types  
 June 30, 2004

Exhibit A

	Governmental Activities	Business-Type Activities	Total 2004
<b>Assets</b>			
Cash	\$ 2,828	\$ 58,330	\$ 61,158
Investments	-	126,865	126,865
Receivables (Net of Allowance for Uncollectibles; Where Applicable):			
Taxes	57	-	57
Accounts	1,341	3,205	4,546
Interest	-	319	319
Internal Balances	-	12,124	12,124
Capital Assets ( Net of Accumulated Depreciation)	43,437	262,914	306,351
Restricted Assets:			
Cash	-	4,234	4,234
Investments	-	6,000	6,000
<b>Total Assets</b>	<b>\$ 47,663</b>	<b>\$ 473,991</b>	<b>\$ 521,654</b>
<b>Liabilities</b>			
Accounts Payable	\$ 1,876	\$ 13,444	\$ 15,320
Internal Balances	12,124	-	12,124
Payable from Restricted Assets:			
Customer Deposits	-	6,505	6,505
<b>Total Liabilities</b>	<b>\$ 14,000</b>	<b>\$ 19,949</b>	<b>\$ 33,949</b>
<b>Net Assets</b>			
Investment in Capital Assets	\$ 43,437	\$ 262,914	\$ 306,351
Unrestricted	(9,774)	191,128	181,354
<b>Total Net Assets</b>	<b>\$ 33,663</b>	<b>\$ 454,042</b>	<b>\$ 487,705</b>

See accountant's compilation report and accompanying notes.

Village of Montpelier, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2004

Exhibit B

Functions / Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Governmental Activities	Business-Type Activities	Total 2004
<b>Governmental Activities:</b>					
General Government	\$ 33,087	\$ -	\$ (33,087)	\$ -	\$ (33,087)
Public Safety - Police	8,316	694	(7,622)	-	(7,622)
Public Safety - Fire	3,513	-	(3,513)	-	(3,513)
Total Governmental Activities	<u>\$ 44,916</u>	<u>\$ 694</u>	<u>\$ (44,222)</u>	<u>\$ -</u>	<u>\$ (44,222)</u>
<b>Business-Type Activities:</b>					
Gas & Water	\$ 84,777	\$ 79,604	\$ -	\$ (5,173)	\$ (5,173)
Total Business-Type Activities	<u>\$ 84,777</u>	<u>\$ 79,604</u>	<u>\$ -</u>	<u>\$ (5,173)</u>	<u>\$ (5,173)</u>
<b>Total Primary Government</b>	<u><b>\$ 129,693</b></u>	<u><b>\$ 80,298</b></u>	<u><b>\$ (44,222)</b></u>	<u><b>\$ (5,173)</b></u>	<u><b>\$ (49,395)</b></u>
<b>General Revenues:</b>					
Taxes, Licenses, and Permits			\$ 14,553	\$ -	\$ 14,553
Interest Income			50	2,511	2,561
Miscellaneous			223	4,073	4,296
Transfers			18,672	(18,672)	-
Total General Revenues & Transfers			<u>\$ 33,498</u>	<u>\$ (12,088)</u>	<u>\$ 21,410</u>
Change in Net Assets			\$ (10,724)	\$ (17,261)	\$ (27,985)
<b>Net Assets - Beginning of the Year -</b>					
Originally Stated			\$ 44,387	\$ 471,781	\$ 516,168
Prior Period Adjustment			<u>\$ -</u>	<u>\$ (478)</u>	<u>\$ (478)</u>
Net Assets - Beginning of the Year - Restated			<u>\$ 44,387</u>	<u>\$ 471,303</u>	<u>\$ 515,690</u>
Net Assets - End of the Year			<u>\$ 33,663</u>	<u>\$ 454,042</u>	<u>\$ 487,705</u>

See accountant's compilation report and accompanying notes.

Village of Montpelier, Louisiana  
 Balance Sheet  
 Governmental Funds  
 June 30, 2004

Exhibit C

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>		
Cash	\$ 2,828	\$ 2,828
Receivables, Net	1,341	1,341
Due from Other Governments	<u>57</u>	<u>57</u>
 Total Assets	 <u>\$ 4,226</u>	 <u>\$ 4,226</u>
 <b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 1,876	\$ 1,876
Due to Enterprise Funds	<u>12,124</u>	<u>12,124</u>
Total Liabilities	\$ 14,000	\$ 14,000
 <b>Fund Balance</b>		
Unreserved - Undesignated	<u>\$ (9,774)</u>	<u>\$ (9,774)</u>
Total Fund Equity	<u>\$ (9,774)</u>	<u>\$ (9,774)</u>
 Total Liabilities and Fund Equity	 <u>\$ 4,226</u>	 <u>\$ 4,226</u>

See accountant's compilation report and accompanying notes.

Village of Montpelier, Louisiana  
Reconciliation of the Balance Sheet to the Statement of Net Assets  
Governmental Funds  
June 30, 2004

Exhibit C-1

Fund Balances - Total Governmental Funds (Exhibit C)	\$	(9,774)
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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 governmental funds.

Governmental Capital Assets	134,000
Less: Accumulated Depreciation	<u>(90,563)</u>

Net Assets of Governmental Activities (Exhibit A)	\$	<u>33,663</u>
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See accountant's compilation report and accompanying notes.

Village of Montpelier, Louisiana  
Statement of Revenues, Expenses, and Changes in  
Fund Balance / Statement of Activities – General Fund  
For the Year Ended June 30, 2004

Exhibit D

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>		
Taxes, Licenses, and Permits	\$ 14,553	\$ 14,553
Fines and Forfeitures	694	694
Interest Income	50	50
Miscellaneous	223	223
Total Revenues	<u>\$ 15,520</u>	<u>\$ 15,520</u>
<b>Expenditures:</b>		
General Government	\$ 26,570	\$ 26,570
Public Safety - Police	8,316	8,316
Public Safety - Fire	3,513	3,513
Total Expenditures	<u>\$ 38,399</u>	<u>\$ 38,399</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (22,879)	\$ (22,879)
<b>Other Financing Sources (Uses):</b>		
Operating Transfers In	\$ 18,672	\$ 18,672
Total Other Financing Sources (Uses)	<u>\$ 18,672</u>	<u>\$ 18,672</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Use:	\$ (4,207)	\$ (4,207)
Fund Balance - Beginning of the Year	<u>\$ (5,567)</u>	<u>\$ (5,567)</u>
Fund Balance - End of the Year	<u>\$ (9,774)</u>	<u>\$ (9,774)</u>

See accountant's compilation report and accompanying notes.

Village of Montpelier, Louisiana  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2004

Exhibit D-1

Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$ (4,207)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Depreciation Expense	<u>(6,517)</u>
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Change in Net Assets of Governmental Activities (Exhibit B)	<u>\$ (10,724)</u>
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See accountant's compilation report and accompanying notes.

Village of Montpelier, Louisiana  
Statement of Net Assets  
Proprietary Funds  
June 30, 2004

Exhibit E

	<u>Gas &amp; Water Fund</u>	<u>Total Proprietary Funds</u>
<b>Assets</b>		
Cash	\$ 58,330	\$ 58,330
Investments	126,865	126,865
Receivables, Net		
Accounts	3,205	3,205
Interest	319	319
Due from General Funds	12,124	12,124
Restricted Assets:		
Cash	4,234	4,234
Investments	6,000	6,000
Capital Assets, Net of Accumulated Depreciation	<u>262,914</u>	<u>262,914</u>
<b>Total Assets</b>	<b><u>\$ 473,991</u></b>	<b><u>\$ 473,991</u></b>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 13,444	\$ 13,444
Payable from Restricted Assets:		
Customer Deposits	<u>6,505</u>	<u>6,505</u>
<b>Total Liabilities</b>	<b>\$ 19,949</b>	<b>\$ 19,949</b>
 <b>Net Assets</b>		
Investment in Capital Assets	\$ 262,914	\$ 262,914
Unrestricted	<u>191,128</u>	<u>191,128</u>
<b>Total Fund Equity</b>	<b><u>\$ 454,042</u></b>	<b><u>\$ 454,042</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$ 473,991</u></b>	<b><u>\$ 473,991</u></b>

See accountant's compilation report and accompanying notes.

Village of Montpelier, Louisiana  
Statement of Revenues, Expenses, and Changes in  
Fund Net Assets – Proprietary Fund  
For the Year Ended June 30, 2004

Exhibit F

	Gas & Water Fund	Total Proprietary Funds
Operating Revenues:		
Sales	\$ 79,604	\$ 79,604
Miscellaneous Revenues	4,073	4,073
Total Operating Revenues	\$ 83,677	\$ 83,677
Operating Expenses:		
Salaries and Related Benefits	\$ 10,859	\$ 10,859
Purchases	33,804	33,804
Repairs and Maintenance	5,387	5,387
Taxes	2,499	2,499
Operating Supplies	305	305
Utilities	3,308	3,308
Insurance	2,417	2,417
Professional Fees	4,315	4,315
Miscellaneous Expense	147	147
Contract Services	6,260	6,260
Depreciation	15,476	15,476
Total Operating Expenses	\$ 84,777	\$ 84,777
Net Operating Income (Loss)	\$ (1,100)	\$ (1,100)
Nonoperating Income (Expense):		
Interest Earned	\$ 2,511	\$ 2,511
Total Nonoperating Income (Expenses):	\$ 2,511	\$ 2,511
Net Income (Loss) Before Transfers	\$ 1,411	\$ 1,411
Transfers	\$ (18,672)	\$ (18,672)
Net Income (Loss)	\$ (17,261)	\$ (17,261)
Net Assets - Beginning of the Year -		
Originally Stated	\$ 471,781	\$ 471,781
Prior Period Adjustment	\$ (478)	\$ (478)
Net Assets - Beginning of the Year - Restated	\$ 471,303	\$ 471,303
Net Assets - End of the Year	\$ 454,042	\$ 454,042

See accountant's compilation report and accompanying notes.

Village of Montpelier, Louisiana  
Statement of Cash Flows – Proprietary Fund  
For the Year Ended June 30, 2004

Exhibit G

	<u>Gas &amp; Water Fund</u>	<u>Total Proprietary Funds</u>
<b>Cash Flows From Operating Activities:</b>		
Operating Income (Loss)	\$ (1,100)	\$ (1,100)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	15,476	15,476
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	2,967	2,967
Increase (Decrease) in Accounts Payable	7,164	7,164
Increase (Decrease) in Customer Deposits Payable	<u>(105)</u>	<u>(105)</u>
Net Cash Provided by (Used in) Operating Activities	\$ 24,402	\$ 24,402
<b>Cash Flows From Noncapital Financing Activities:</b>		
Transfers To Other Funds	<u>\$ (18,672)</u>	<u>\$ (18,672)</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ (18,672)	\$ (18,672)
<b>Cash Flows From Investing Activities:</b>		
Interest Earned on Investments	\$ 2,511	\$ 2,511
Proceeds from Maturities of Investments	<u>11,877</u>	<u>11,877</u>
Net Cash Provided by (Used in) Investing Activities	\$ 14,388	\$ 14,388
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Purchase of Equipment	<u>\$ (17,335)</u>	<u>\$ (17,335)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>\$ (17,335)</u>	<u>\$ (17,335)</u>
Increase (Decrease) in Cash	\$ 2,783	\$ 2,783
Cash - Beginning of the Year	<u>\$ 59,781</u>	<u>\$ 59,781</u>
Cash - End of the Year	<u><u>\$ 62,564</u></u>	<u><u>\$ 62,564</u></u>

See accountant's compilation report and accompanying notes.

Village of Montpelier, Louisiana  
Notes to Financial Statements  
For the Year Ended June 30, 2004

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See accountant's compilation report.

Village of Montpelier, Louisiana  
Notes to Financial Statements  
For the Year Ended June 30, 2004

**Introduction**

The Village of Montpelier, Louisiana (hereinafter referred to as the "Village") was created under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of Government. The purpose of the Village is to provide public safety (police and fire), streets, drainage, public improvements, and general and administrative services. Other services include water and gas services. Revenues for the Village include taxes, licenses, and permits, interest income, and other revenues. Major expenditures of the Village include general government and public safety.

**1. Summary of Significant Accounting Policies**

A. Basis of Presentation

The accompanying basic financial statements of the Village have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2001.

B. Financial Reporting Entity

As the governing authority of the Parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (parish council), (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 Statement No. 14 established criteria for determining which component units should be considered part of the Tangipahoa Parish Council 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 includes:

1. Appointing a voting majority of an organization's governing body, and

See accountant's compilation report.

(Continued)

Village of Montpelier, Louisiana  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2004

- a. The ability of the Parish Council 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 Parish Council.
2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
  3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints the board members and has approval over their taking authority, the Village was determined to be a component unit of the Tangipahoa Parish Council, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the Village and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The Village uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions and activities.

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts

*Governmental Funds*

Governmental funds account for all 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 of the Village include:

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.

Village of Montpelier, Louisiana  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2004

*Proprietary Funds*

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on the determination of net income, financial position, and cash flows. Operating expenses include costs of services as well as materials, contracts, personnel and dedication. In accordance with Governmental Accounting Standards Board (GASB Statement No. 20), the Village elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board, in accounting for proprietary funds.

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

D. Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Funds of Exhibits C and D, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, on Exhibits C-1 and D-1, to a government-wide view of Village wide operations.

The amounts reflected in the Governmental Funds of Exhibits C and D, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, 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 pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due. The governmental funds use the following practices in recording revenues and expenditures:

See accountant's compilation report.

Village of Montpelier, Louisiana  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2004

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Ad valorem tax revenue, state revenue sharing revenue, and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

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

E. Government-Wide Financial Statements (GWFS)

The statement labeled Combined Statement of Net Assets (Exhibit A) and the statement labeled Statement of Activities (Exhibit B) display information about the Village as a whole. These statements include all the financial activities of the Village. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

F. Budgets and Budgetary Accounting

On June 9, 2003, the Mayor and Board of Aldermen of the Village of Montpelier adopted an Ordinance adopting the operating budget for the General Fund for the year ended June 30, 2004. The budget was amended twice during the year ended 2004.

G. 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 with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Village may invest in United States bonds, treasury notes, or certificates. 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 cost.

See accountant's compilation report.

Village of Montpelier, Louisiana  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2004

H. Inventory

The Village utilizes the "purchase method" of accounting for supplies in governmental funds whereby expendable operating supplies are recognized as expenditures when purchased. The Village did not record any inventory in the Enterprise Funds at June 30, 2004, as the amount is not material.

I. Prepaid Items

The Village did not recognize any expenditures extending over more than one accounting period when paid.

J. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Water Utility -	
Wells and Tanks	50 Years
Equipment	10 Years
Lines and Meters	50 Years
Gas Utility -	
Distribution Lines	25 Years
Gas Meters	15 Years
Equipment	5 Years

K. Accumulated Compensated Absences

The Village has no policy recording employees' vacation pay and employees' sick leave benefits as the Village has no full-time employees. As a result, the Village has no accumulated compensated absences requiring recognition in accordance with GASB Statement 16.

See accountant's compilation report.

Village of Montpelier, Louisiana  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2004

L. Pension Plans

The Village of Montpelier is not a member of any retirement system. The Village is a member of the social security system.

M. Total Columns on Combined Statements – Overview

Total columns on the combined statements - overview are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows 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.

N. Statement of Cash Flows

In accordance with Governmental Accounting Standards Board Statement No. 9, the Village is presenting a statement of cash flows. For purposes of the statement of cash flows, the Water and Gas Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

O. Allowance for Uncollectible Accounts

Uncollectible amounts due for ad valorem taxes and customers’ utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The following details the description and amount of the allowance for uncollectible accounts at June 30, 2004.

Water and Gas Enterprise Fund		
Allowance for Uncollectible Water and Gas Fees	\$	582

**2. Ad Valorem Taxes**

The Village of Montpelier did not levy an ad valorem tax for the year ended June 30, 2004.

See accountant’s compilation report.

Village of Montpelier, Louisiana  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2004

**3. Cash and Cash Equivalents**

At June 30, 2004, the Village had cash and cash equivalents (book balances) totaling \$77,392, as follows:

Demand Deposits	\$	-
Interest Bearing Demand Deposits		<u>65,392</u>
Total	\$	<u>65,392</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledged 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, 2004, the Village had \$65,523, in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance.

**4. Investments**

At June 30, 2004, the Village had investments totaling \$132,865, as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
Certificate of Deposit	\$ <u>132,865</u>	\$ <u>132,865</u>
Total	\$ <u>132,865</u>	\$ <u>132,865</u>

The investments are in the name of the Village and are held at the Bank of Greensburg. Because the investments are in the name of the Village and are held by the Village or its agent, the investments are considered registered, Category 1, in applying the credit risk of GASB Codification Section I50.164. The certificates of deposit totaling \$132,865 are secured from risk by \$100,000 of federal deposit insurance and securities pledged by The Bank of Greensburg.

See accountant's compilation report.

Village of Montpelier, Louisiana  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2004

**5. Receivables**

The following is a summary of receivables at June 30, 2004:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Utility Franchise Taxes	\$ 1,341	\$ -	\$ 1,341
Accounts Receivable	-	3,787	3,787
Interest Receivable	-	319	319
Allowance for Uncollectibles	-	(582)	(582)
 Total	 <u>\$ 1,341</u>	 <u>\$ 3,524</u>	 <u>\$ 4,865</u>

**6. Due From Other Governmental Units**

The following is a summary of amounts due from other governmental units at June 30, 2004:

Amounts due from the State of Louisiana:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Beer Taxes	\$ 57	\$ -	\$ 57
 Total	 <u>\$ 57</u>	 <u>\$ -</u>	 <u>\$ 57</u>

See accountant's compilation report.

Village of Montpelier, Louisiana  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2004

**7. Interfund Receivables and Payables**

The following is a summary of amounts due from the due to other funds at June 30, 2004.

	Due From	Due To
General Fund:		
Water and Gas Enterprise Funds	\$ -	\$ 12,124
Water and Gas Enterprise Funds:		
General Fund	\$ 12,124	\$ -

**8. Restricted Assets – Proprietary Fund Type**

Restricted assets were applicable to the following at June 30, 2004:

Customers' Deposits - Cash	\$ 4,234
----------------------------	----------

**9. Changes in Capital Assets**

A summary of changes in capital assets follows:

Description	Balance 06/30/03	Current Year		Balance 06/30/04
		Additions	Deletions	
Vehicles	\$ 98,030	\$ -	\$ -	\$ 98,030
Building Remodeling	15,189	-	-	15,189
Office Furniture & Equipment	20,781	-	-	20,781
Total	\$ 134,000	\$ -	\$ -	\$ 134,000
Accumulated Depreciation	\$ 84,046	\$ 6,517	\$ -	\$ 90,563
Capital Assets (Net of Accumulated Depreciation)	\$ 49,954	\$ (6,517)	\$ -	\$ 43,437

See accountant's compilation report.

Village of Montpelier, Louisiana  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2004

**10. Proprietary Fund Capital Assets**

A summary of proprietary fund capital assets at June 30, 2004, follows:

	<u>Water Utility</u>	<u>Gas Utility</u>	<u>Total</u>
Land	\$ 200	\$ -	\$ 200
Equipment	8,322	2,726	11,048
Well, Tank, etc.	6,563	-	6,563
Pumps & Equipment	6,806	818	7,624
Water & Gas System	153,133	100,102	253,235
Water & Gas Lines, etc.	24,001	263,909	287,910
Water & Gas Meters	336	952	1,288
Rejuvenation	-	6,154	6,154
	<u>\$ 199,361</u>	<u>\$ 374,661</u>	<u>\$ 574,022</u>
Less: Accumulated Depreciation	<u>\$ 88,848</u>	<u>\$ 222,260</u>	<u>\$ 311,108</u>
Capital Assets - Net of Accumulated Depreciation	<u>\$ 110,513</u>	<u>\$ 152,401</u>	<u>\$ 262,914</u>

Depreciation expense in the proprietary funds for capital assets for the year ended June 30, 2004, totaled \$15,476.

**11. Prior Period Adjustment**

As of June 30, 2003, a transaction was coded to an incorrect account in the amount of \$478. This error was not included in the financial statements of the Village for the fiscal year ended June 30, 2003. The following table shows beginning fund net assets restated for inclusion of this error as of June 30, 2003.

	<u>Original</u>	<u>Net Change</u>	<u>Restated</u>
Total Assets	<u>\$ 484,671</u>	<u>\$ (478)</u>	<u>\$ 484,193</u>
Total Liabilities	<u>\$ 12,890</u>	<u>\$ -</u>	<u>\$ 12,890</u>
Net Assets	<u>\$ 471,781</u>	<u>\$ (478)</u>	<u>\$ 471,303</u>

See accountant's compilation report.

**Required Supplemental Information**

Village of Montpelier, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget (GAAP Basis) and Actual  
General Fund  
For the Year Ended June 30, 2004

Schedule 1

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
<b>Revenues:</b>				
Taxes, Licenses and Permits	\$ 12,362	\$ 12,362	\$ 14,553	\$ 2,191
State Grant	15,000	15,000	-	(15,000)
Fines and Forfeitures	2,600	2,600	694	(1,906)
Interest Income	-	-	50	50
Miscellaneous	-	-	223	223
Total Revenues	<u>\$ 29,962</u>	<u>\$ 29,962</u>	<u>\$ 15,520</u>	<u>\$ (14,442)</u>
<b>Expenditures:</b>				
General Government	\$ 22,594	\$ 24,056	\$ 26,570	\$ (2,514)
Public Safety - Police	4,678	4,678	8,316	(3,638)
Public Safety - Fire	1,200	1,284	3,513	(2,229)
Total Expenditures	<u>\$ 28,472</u>	<u>\$ 30,018</u>	<u>\$ 38,399</u>	<u>\$ (8,381)</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 1,490	\$ (56)	\$ (22,879)	\$ (22,823)
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In (Out) - Water Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,672</u>	<u>\$ 18,672</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 1,490	\$ (56)	\$ (4,207)	\$ (4,151)
Fund Balance - Beginning of the Year	<u>\$ (5,567)</u>	<u>\$ (5,567)</u>	<u>\$ (5,567)</u>	<u>\$ -</u>
Fund Balance - End of the Year	<u><u>\$ (4,077)</u></u>	<u><u>\$ (5,623)</u></u>	<u><u>\$ (9,774)</u></u>	<u><u>\$ (4,151)</u></u>

**Schedule of Compensation Paid  
The Mayor and Board of Aldermen**

Village of Montpelier, Louisiana  
 Schedule of Compensation Paid the Mayor and Board of Aldermen  
 June 30, 2004

Schedule 2

Term of Office – January 1, 2003 through December 31, 2005

<u>Name</u>	<u>Title</u>	<u>Compensation Paid</u>
Bryan E. Dykes, Sr. 39951 Highway 441 Holden, Louisiana 70744	Mayor	\$ -
Jessica I. Tycer 2025 Durbin Lane Montpelier, Louisiana 70422	Alderman	-
Kenneth Giardina 35999 Hwy. 16 Montpelier, Louisiana 70422	Alderman	-
Bonnie N. Ard 36136 Highway 16 Montpelier, Louisiana 70422	Alderman Village Clerk	- 900
Gerald O'Malley 5432 Hwy. 43 Montpelier, Louisiana 70422	Chief of Police	<u>1,260</u>
		<u>\$ 2,160</u>

See accountant's compilation report.

## **Other Reports**

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
HAMMOND, LA • AMITE, LA

John N. Durnin, CPA  
Dennis E. James, CPA

Member  
American Institute of CPA's  
Society of Louisiana CPA's

October 30, 2004

## Independent Accountants' Report on Applying Agreed-Upon Procedures

The Honorable Bryan E. Dykes, Mayor  
and the Members of the Board of Aldermen  
Village of Montpelier, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Village of Montpelier, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Village of Montpelier, Louisiana's compliance with certain laws and regulations during the year ended June 30, 2004, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures during the year for materials and supplies exceeding \$20,000. There were no expenditures for public works exceeding \$100,000.

### Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

Village of Montpelier, Louisiana

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were amendments made to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on June 9, 2003, which indicated that the budget had been adopted by the Mayor and Aldermen of the Village of Montpelier, Louisiana, by a vote of two in favor and none opposed. The budget was amended twice during the year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Budgeted revenues for the year exceeded actual revenues by 48%. Actual expenditures for the year exceeded budgeted amounts by 28%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee,

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account,

All six of the payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the Mayor and the Board of Aldermen.

Village of Montpelier, Louisiana

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Village of Montpelier, Louisiana is only required to post a notice of each meeting and the accompanying agenda on the door of the town hall building. Evidence of these postings was noted during fiscal year June 30, 2004.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits, which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village for the year indicated no payments were authorized or paid. We also inspected payroll records for the year and noted no instances, which would indicate payment to employees, which would constitute bonuses, advances, or gifts.

12. At June 30, 2004, the General Fund had a deficit in total fund equity of \$9,774. Management plans to work to eliminate the deficit in the current year.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Village of Montpelier, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Durnin & James, CPAs  
A Professional Corporation

## **Findings and Recommendations**

Village of Montpelier, Louisiana  
Current Year Agreed Upon Procedures Findings  
For the Year Ended June 30, 2004

**Findings and Recommendations**

Compliance

04-01 – Total expenditures exceeded budgeted expenditures by 28 percent or \$8,381.

Finding

During our compilation on agreed upon procedures we found that the Village of Montpelier exceeded total budgeted expenditures by more than 5%, which is in violation of LSA-RS 39:1310.

Recommendation

Future budgets should continue to be amended, appropriately, for unexpected expenditures and the unexpected expenditures are to be closely monitored.

04-02 – Budgeted revenue exceeded total revenue by 48 percent or \$14,442.

Finding

During our compilation on agreed upon procedures we found that the Village of Montpelier budgeted revenues exceeded total revenues by more than 5%, which is in violation of LSA-RS 39:1310.

Recommendation

Future budgets should continue to be amended, appropriately, for over-estimated revenues and the over-estimated revenues are to be closely monitored.

**Internal Control over Financial Reporting**

None

**Corrective Action Plan for Current Year Agreed-Upon Procedures**

Village of Montpelier, Louisiana  
 Corrective Action Plan for Current Year Agreed Upon Procedures  
 For the Year Ended June 30, 2004

<u>Ref. #</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Anticipated Completion Date</u>	<u>Contact Person</u>
04-01	Total expenditures exceeded budgeted expenditures.	Future budgets will continue to be monitored and amended if necessary.	July 1, 2004	Maxine Ard
04-02	Budgeted revenues exceeded actual revenues.	Future budgets will continue to be monitored and amended if necessary.	July 1, 2004	Maxine Ard

*Note: This schedule has been prepared by the management of the Village of Montpelier.*

**Summary Schedule of Prior Audit Findings**

Village of Montpelier, Louisiana  
 Summary Schedule of Prior Audit Findings  
 For the Year Ended June 30, 2004

Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action	Plan Corrective Action - Partial Corrective Action Taken	Additional Explanation
03-01 June 30, 2003	Expenditures exceeded budgeted amount by more than 5%	No		

Compliance:

*Note: This schedule has been prepared by the management of the Village of Montpelier.*

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**  
August 26, 2004

Durnin & James, CPA's P.C  
401 East Thomas Street  
Hammond, LA 70401

In connection with your compilation of our financial statements as of June 30, 2004 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..  
Yes  No [  ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.  
Yes  No [  ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.  
Yes  No [  ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.  
Yes  No [  ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.  
Yes  No [  ]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.  
Yes  No [  ]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.  
Yes  No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.  
Yes  No [ ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.  
Yes  No [ ]

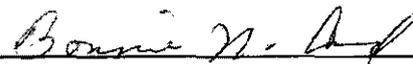
**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.  
Yes  No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

  
\_\_\_\_\_  
Mayor Sept. 2, 2004 Date

  
\_\_\_\_\_  
City Clerk Sept. 2, 2004 Date

Village of Montpelier  
36400 Hwy 16  
Montpelier, LA 70422